



Daily Report

Latin America

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5 August 1991

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San Jose Pact Renewal Increases Petroleum Supply

PA0408041291 Paris AFP in Spanish 2021 GMT
3 Aug 91

[Text] Mexico 3 Aug (AFP)—Mexico and Venezuela renewed the San Jose Pact today and decided to increase the petroleum supply quota to Central America and the Caribbean to 160,000 barrels per day [BPD] and to include Haiti among the nations to benefit, according to a Mexican Foreign Secretariat communique.

The San Jose Pact—signed for the first time in August 1980—provides for Mexico and Venezuela to supply crude to the regional nations, financing with soft loans 20 to 25 percent of the bills, in agreement with the average price per barrel. This in turn would be used to finance trade exchanges of goods and services and/or economic development projects on a short and long term basis.

The document points out that the financing will be in keeping with the following scale: 20 percent for fuel prices between \$15 and \$20.99; 21 percent for fuel prices between \$21 and \$24.99; 22 percent for fuel prices between \$25 and \$29.99; 23 percent for fuel prices between \$30 and \$34.99; 24 percent for fuel prices between \$35 and \$39.99; and 25 percent for fuel prices over \$40.

Before this renewal, the regional nations (Barbados, Belize, Costa Rica, El Salvador, Guatemala, Honduras, Jamaica, Nicaragua, Panama, and the Dominican

Republic) received from Mexico and Venezuela a total of 130,000 BPD of crude with 20 percent financing on the fuel bill.

The document points out that the joint supply of 160,000 BPD "will be evaluated and adjusted, according to the benefited nations' requirements and to the supplying nations' availability."

The Mexican Foreign Secretariat noted that the agreement's extension—signed by Mexico's President Carlos Salinas de Gortari and by Venezuela's President Carlos Andres Perez—"represents the renewed commitment of the Mexican Government's will to cooperate with Central America and the Caribbean.

The communique adds: "Mexico is convinced that the international petroleum market's behavior during this past year—marked by instability and uncertainty—underscores the significant value that this financial support has for the nations benefited under this agreement, and above all, supply reliability under difficult circumstances.

The agreement's extension, the Foreign Secretariat noted: "is within the framework of Mexico's foreign policy's unalterable principles. To conclude, the communique points out: "The respect for the nations' free self-determination, the continued search for peaceful solutions to conflicts, and international cooperation" will continue being the core of Mexico's relations with Central America.

Cuba**Castro Officially Opens 11th Pan-Am Games***FL0208234891*

[Editorial Report] Havana Tele Rebelde and Cuba Vision Networks in Spanish at 2100 GMT on 2 August reports on the Pan-American Games opening ceremony. Fidel Castro arrives to open the games and receives applause from a near-capacity crowd. The narrator announces the presence of sports officials and the beginning of the ceremony.

Athletes from 39 countries start marching into the stadium. The Cuban delegation marches in, followed by a delegation of elderly athletes, games officials and referees. The Olympic, Pan-American and Cuban anthems are played as the flags are raised.

Jose Ramon Fernandez, president of Copan 91, welcomes all assembled to the games. Fernandez notes the volunteers' efforts and dedication in preparing the facilities.

Odepa President Mario Vasquez asks Fidel Castro to declare the games open. Fidel Castro clears his throat and says: "Distinguished guests, athletes and fellow Cubans, I declare the 11th Pan-American Games inaugurated. Thank you very much."

The Pan-American Games flag is presented to Havana Mayor Pedro Chavez Gonzalez. Mario Vasquez hands the flag to Pedro Chavez Gonzalez.

The torch enters the stadium and the fire is lit. Ana Fidelia Quirot reads the athletes' pledge. Arturo Molina reads the judges' pledge. Eleven doves are released. The athletes leave the field and take their seats to watch the rest of the performance.

Attends Reception

*FL0208145891 Havana Tele Rebelde Network
in Spanish 1309 GMT 2 Aug 91*

[Text] Commander in Chief Fidel Castro attended the reception given last night by the organizational committee. Also in attendance were official delegations of the countries participating in the Pan-American Games, which begin today.

During the reception, held in the Palace of Conventions, Fidel spoke with Juan Antonio Samaranch, president of the International Olympic Committee, and the foreign press. He expressed interest in the progress of preparations for the Olympic Games in Barcelona, which are running somewhat behind schedule. He also spoke with Luis Maria Gariga, who holds the Spanish record for the high jump. He exchanged ideas with the foreign press on various subjects.

Castro To Attend Barcelona Olympic Games

*PA0408194091 Paris AFP in Spanish 0821 GMT
4 Aug 91*

[Text] Barcelona, Spain, Aug 4 (AFP)—In an exclusive interview published today in the Barcelona newspaper LA VANGUARDIA, Cuban President Fidel Castro asserted that the forthcoming olympics in Barcelona "will be the best ever."

"I hope that nothing mars the celebration of the Olympic Games in Barcelona. If nothing does, more countries than ever will participate in the games and Cuba will be there," Fidel Castro added.

The Cuban leader's response when asked if he will attend the opening of the 1992 Barcelona Olympic Games was "I will be very pleased to visit that city."

Castro asserted that "Cuban athletes will do well at the Barcelona games," but he admitted that they will have to work hard until the scheduled Olympics "not because events are more difficult, but because competition is tougher."

Concerning the U.S. presence at the Pan-American Games being held in Havana, Fidel Castro said, "Sports bring people and countries together. We are entering an era of peace. What we experienced during the opening ceremony is a good example of how sports can create unity."

"It has been beautiful," the Cuban leader added, "to see the friendship and camaraderie that has existed in the stadium among the representatives of all the countries of the Americas, North and South. I hope that what we have experienced today will be a good omen for sports and the effort, cooperation, and participation of everyone."

ANC President Mandela Conducts News Conference

*FL0208162291 Havana Tele Rebelde Network
in Spanish 1700 GMT 31 Jul 91*

[News conference by African National Congress President Nelson Mandela in Havana with unidentified foreign and domestic correspondents; date not given. Mandela speaks in English with simultaneous translation in Spanish—recorded]

[Text] [First reporter] Mr. President, I would like to know the African National Congress' [ANC] strategy now that we definitively know that the South African Government supported the Inkatha Party?

[Mandela] It is quite clear that if the government fails to respond satisfactorily in such a way as to restore its credibility, then the ANC and the government are headed for a crisis. And where one party has been found to be lacking in integrity that must damage the credibility of that party, and it would be difficult to negotiate in such a situation.

We have to therefore look at other options if the government fails to respond effectively to the crisis that has arisen.

[Second reporter] You have been talking about the formation of an interim government, national unity government, and elections for a constituency assembly. Does that mean you are calling for the immediate resignation of President de Klerk? You also mentioned the use of the power of the people. Does that mean a return to the armed struggle or some other kind of tactic like massive civil disorder or passive resistance? Could you clarify that?

[Mandela] The idea of an interim government has arisen not only out of the revelation of the duplicity of the government. It is an idea which originated in 1989 in the Lahare Declaration, and therefore demanded an interim government which is not related to the revelations that have been made—except that it strengthens our demands for an interim government because what we have been saying all along, that the government cannot be a player and a referee at the same time, has now been fully corroborated. As far as strategy is concerned, our strategy is concerned, negotiation is merely a terrain of struggle, a form of struggle. It is used only when conditions are, [rephrases] exist for their application. If we find that the atmosphere, the climate for negotiations does not exist and if the government continues with the policy of talking peace to us and at the same time conducting a war, we have no alternative but to look at other options.

[Third reporter] The Cuban exile community criticizes the human rights situation in Cuba. How do you respond to these people?

[Mandela] Who are they to call for the observance of human rights by Cuba? They kept quiet for 42 years when human rights were being attacked in South Africa. Who are they now to be so concerned about human rights? They are not concerned with the violence in which 10,000 of our people have been killed in South Africa. Who are they to teach us about human rights? If you answer that question then I will address your question.

[Fourth reporter] There is some consternation in Caricom [Caribbean Community] countries about these forced boycotts because it was understood that the ANC approved of their entering the International Cricket Council, which presumably they did. When you were there, it seems they received another signal on this sports boycott. Could you please clear that up?

[Mandela] The International Olympic Committee, working together with the South African Sports Organization, laid down very clear conditions for the readmission of South Africa to international sports. Very briefly, the condition was that racism in all its various forms should be eliminated from South African sports organizations. De Klerk has made some progress in this regard because he has repealed certain laws which interfere with nonracial sports. We admire him for having taken such a bold step. Nevertheless, racism in sports is still there. What has happened up to now is that a nonracial sporting federation has been set up and the International Olympic Committee is satisfied that that

coordinating party complies with the conditions which they laid down. Therefore, they have decided to recognize that organization, the South African sporting organization, but they feel, together with us, that South Africa has not yet fully complied with the conditions set up by the International Olympic Committee itself. So there has never, from the point of view of the International Olympic Committee and the sporting bodies of South Africa, there has never been the opinion that South Africa has now complied with all the conditions. But as soon as South Africa introduces nonracism, not only at the top of the sporting structure but right down to grassroots, all sporting clubs, even local ones, have now become nonracial and black sportsmen also have the facilities for sports, which is not the case today. [as heard] You cannot compare the facilities available to black sportsmen with the facilities available to their white counterparts. Until this perfect parity is reached, we cannot say that South Africa has complied with the conditions laid down by the International Olympic Committee.

[Fifth reporter] Can you evaluate the experiences of South African students here in Cuba?

[Mandela] If you are talking about the facilities which Cuba has made available to South African students, then I must state very clearly that providing such facilities is a tremendous step indeed. This generosity has increased the respect and esteem that Africa in general and our country in particular feel for a small country like Cuba. A country that has made it a fundamental part of its policy to make facilities available to all students which are not available in their own land of birth. The fact that Cuba has sent educators, doctors, and engineers to other Latin American countries, Africa and Asia is a development which must have a tremendous significance throughout the developing world, and that is our perception of the role carried out by Cuba.

[Sixth reporter] I am sure that you are aware that your visit to Miami last year provoked a great deal of tension between the black community and the Cuban-Americans, and that your visit here this year will probably increase this tension. I wondered what your reaction to Cuba's situation is?

[Mandela] The people of Miami are entitled to their own views. They are entitled to their own friends and allies. That is their affair. We will not interfere with that. The people of South Africa generally, and the ANC in particular, is entitled to have its own friends and allies. That is the affair of the people of South Africa in general and the ANC in particular. Nobody should interfere with that and in this particular case, Cuba is our friend. If I am going to create tensions in Miami by visiting this country, then I am very sorry for that because I have come here in the spirit of peace to visit a country which has been of tremendous help to us, when the people of Miami were not so forthcoming.

There are many countries which are now coming forward when we are on the eve of gaining the aims of our struggle, but that has not been the story of the past 40

years. Not only that, we are now being advised about Cuba and its people by people who have supported apartheid during the past 40 years. They have been giving the apartheid regime in South Africa the capacity to continue their brutal policies against the majority of the population. No man or woman of principle could ever behave in that fashion, of accepting advice from people who never cared about us at the most difficult times; advice that we must now repudiate, except for the people who were with us right from the beginning. I might just add for the record that I have been invited to go back to Miami, after I had been boycotted there. That gives you an indication of just what has happened after I had been there.

[Seventh reporter] [words indistinct] your visit to Cuba?

[Mandela] As far as the countries I have visited during this tour, we have received full support regarding the maintenance of sanctions, and this is without exception. As far as my impressions on my visit to Cuba, I can assure you that if I had a high opinion of this country, that impression has been deepened by the warm manner in which I have been received, and by the response to all the problems that we raised. I leave Cuba full of strength and hope.

[Eighth reporter] Some of the human rights organizations that spoke in your favor while you were in prison have also been very critical of Cuba. What can you say to these human rights groups?

[Mandela] I do not know what human rights groups you have in mind, but if there is a diversity of opinions about Cuba, I would understand that as reasonable. People are entitled to different opinions depending on their own perceptions, on their own conscience. What you should be interested in here is my attitude and that of my organization. I have given the attitude of my organization and myself. If you want to know about the views of the so-called antihuman rights organizations, it would be better if you ask them directly.

[Ninth reporter] In this world of such violence, cynicism, injustice, you have suffered very much, and Winnie Mandela has suffered, too. You have been separated from your family, from your work, and how is it that you come out of prison with such optimism, happiness, and humanity? What is your philosophy in life?

[Mandela] Well, I have also found this a very difficult question for me to answer. Firstly, because there are many of my comrades, who were with me in prison, whom I regard as head and shoulders above me in the richness of the positive qualities which they have. Perhaps if you compare me with them you would not be able to heap such praise on me. It may also be interesting to you that my comrades who are in exile, in certain cases suffered far more than we did in prison, and yet they are the men and the women who are committed to the process of negotiation. Perhaps it is better in issues of this nature not to try and analyze what goes on in the minds and the hearts of the individual, but to look at the team of which one is part. We are a collective and the

collective has also a collective will and feelings, and if there is anything positive in any one of us, that represents the shared experiences and perceptions of the collective. I hope I have been able to answer your question.

Pavlov Rejects Bush Comments on USSR Ties

*FL0208184691 Havana Tele Rebelde Network
in Spanish 1713 GMT 2 Aug 91*

[Text] Soviet Prime Minister Valentin Pavlov reaffirmed today that there is no reason to reconsider Soviet relations with Cuba. In a news conference held in Moscow, Pavlov referred to the recent visit of U.S. President George Bush to the Soviet Union, in which he asked that the Soviet Government stop providing economic assistance to the island.

Cuba was, is, and will always be a partner on equal terms with the Soviet Union, declared the prime minister. He clarified that no one has the right to interfere with relations between the Caribbean island and the Soviet Union.

Commentary Views Soviet-American Summit

*PA0208141791 Havana Radio Havana Cuba
in Spanish 0000 GMT 2 Aug 91*

["Station Commentary" read by Roberto Morejon]

[Text] As a result of a strange mix, Cuba was mentioned in the analysis of the situation in El Salvador at the recent summit in Moscow between Soviet President Mikhail Gorbachev and U.S. President George Bush. The two leaders decided to issue joint declarations on just three topics: the Middle East, Yugoslavia, and Central America. This shows their deep concern about these conflicts and their repercussions.

No one can deny the alarm that these conflicts generate. A way remains to be found that can guarantee a definite and a consolidated peace. However, the unexpected part of the U.S.-USSR declaration that referred to Central America does not emphasize El Salvador, which merits attention, but cites Cuba. According to the text the declaration states: [Cuba is to] increase efforts to resolve the conflict in that Central American country [El Salvador].

The concept reminds us of the old U.S. anti-Cuban propaganda methods, which obsessively attributes to Cuba responsibility it does not have in the drama of Central American countries fanned by U.S. intervention. This moves us to reflect that the U.S.-USSR declaration on the isthmus stresses cooperation to resolve the conflicts in Central America in favor of Latin American stability.

One needs to ask: Who financed and directed the counterrevolutionary forces that terrorized Nicaragua? Who has supported the Guatemalan military regimes that violate human rights? Who filled Honduras with military bases and foreign troops? Who supports the genocidal Salvadoran Army? The reply is obvious: The United States. However, suddenly these facts are to be discarded

as if history can be easily rewritten in light of the new world order encouraged by the White House.

One cannot ignore the internal roots of the Salvadoran conflict, which are based on profound economic and social differences and the polarization of positions due to the U.S. military and political intervention.

Cuba, as a country with profound predisposition toward Latin America, supports efforts for a negotiated solution that could lead to an end to the crisis in El Salvador. This does not clash with the profound links of brotherhood and solidarity with the Salvadoran patriots who, for 11 years, have waged a heroic struggle against the U.S.-equipped Army.

It is really the United States that should end its destabilizing role in the smallest Central American country so that the political forces, the government, and the guerrillas can decide at the negotiating table, without outside pressure, the future of a nation that has been bled.

Russian Federation Health Delegation Visits

*FL0308130891 Havana Radio Rebelde Network
in Spanish 2300 GMT 1 Aug 91*

[Text] Official talks have been held in Havana between Juan Escalona Reguera, president of the National Assembly of the People's Government, and Vladimir Ivanovich (Mandrillin), vice president of the Russian Federation Health Committee of the Soviet Union, who has been a guest in our country since 31 July.

The visitor arrived at the offices of our parliament accompanied by Cuban Public Health Minister Julio Teja, as well as other health officials and members of the Russian Federation Health Committee and deputies who are part of his delegation. During the meeting with Escalona Reguera, they discussed such matters as the 30-year relations with the Soviet people and Cuban public health programs. For his part, Vladimir Ivanovich gave a detailed explanation of the law which guarantees health care for all people which protects the health of the people and funds different health care projects. He said that his visit has called his attention to such important matters as the Chernobyl children, Family Doctors, and different organizations which contribute to the scientific-technical cooperation between the two countries.

The Russian Federation Health Committee will review the 1990 Health Protocol between the Ministry of Health and the health organizations of that nation which establishes the scientific-technical cooperation between the two countries. Vladimir Ivanovich and the delegation accompanying him will depart on 4 August after completing a busy working schedule.

Two MiG-23's Incorporated Into Eastern Army

*FL0208194691 Havana Tele Rebelde Network
in Spanish 1722 GMT 2 Aug 91*

[Text] Who has not held a toy airplane in his hands? Who has not dreamed of flying a plane, soaring through

the skies like a dwarf would dream of becoming a giant. The dream of Captains Eduardo and Sinencio, pilots of our glorious revolutionary armed air forces, came true. As pilots of the MiG-23, they did not have nightmares. It was the South Africans in southern Angola who were not able to sleep.

Today we dream while we are wide awake. Our MiG-23 planes form a unit, part of the Eastern Army, where they fly for the first time since their victorious return from Angola.

[Begin recording] [unidentified correspondent] How do you feel at this historic moment?

[First unidentified pilot] Happiness, satisfaction for the work that has been done, for having served the country, and especially with these machines that arrived through the Victoria Plan and are ready to begin flying here in the Eastern sector. Ready to fulfill any mission that our command, the party, or our commander might ask from us.

[Unidentified correspondent] What is the greatest aspiration of a pilot?

[Second unidentified pilot] Well, to complete an assigned task from the command or the government, to do it well, with dedication. So that you have the satisfaction and honor of a job well done. [end recording]

For them, for those that love peace, Eduardo and Sinencio together with many others, continue guarding our skies.

Dominican Republic

Nurses, Technicians Continue Medical Strike

*FL0208183591 Santo Domingo Cadena de
Noticias in Spanish 0930 GMT 2 Aug 91*

[Text] Doctors of the Dominican Medical Association returned to work at national health centers after ending a strike that lasted 115 days. All agree, however, that the health centers are in worse condition than before. Those doctors interviewed by our reporters say that there is no medication and that the equipment is in bad shape. Most health centers were found to be very dirty after the restriction imposed on reporters by Dr. Manuel Bello was lifted.

The Dominican Medical Association ended the strike after preliminary talks with President Joaquin Balaguer, while a special commission studies the situation to make appropriate recommendations. The patients of the health centers were pleased with the return of doctors. Nurses and laboratory workers, however, have not returned since they still have not received a guarantee on their demands.

Haiti

TKL Organize March Against Parliament

*FL0208212591 Port-au-Prince Radio Soleil
Network in Creole 1830 GMT 1 Aug 91*

[Excerpts] This morning, the atmosphere was tense in the streets of Port-au-Prince with a peaceful march organized by the Basic Church Communities [TKL] to protest against the Parliament. According to them, the Parliament voted a law written by someone else on territorial communities, casting aside the law submitted by the executive to the chamber on territorial communities. [passage omitted]

Today, in Jeremie, several popular organizations demonstrated against appointments made in the public administration. Unemployed people also demonstrated. [passage omitted]

Commission Created To Investigate Five Deaths

*FL0208212691 Port-au-Prince Radio Metropole
in French 1600 GMT 2 Aug 91*

[Text] An investigation commission within Haiti's Armed Forces has been formed to investigate the shooting of five young men in Delmas over the past weekend. It appears that the head of the Antigang Service, Captain Neptune, could be involved in this case. The victims' parents assert that following a banal quarrel with the captain, one of the young men was shot and that later the captain allegedly directed his antigang colleagues to shoot down the other witnesses to the incident. The soldiers denied this version and asserted that the five young people were zenglendos who were killed during an attempt to escape after trying to take possession of their guards' weapons.

An Army reform committee was also created to study the files of several officers. Meanwhile, Colonel Ulysse Francois has been discharged and Colonel Georges Valcin has been relieved of his duties as military attache in France and Rome.

Commission Expresses Concern Over Repatriations

*FL0208221091 Port-au-Prince Radio Metropole
in French 1600 GMT 2 Aug 91*

[Excerpt] The High Commission for Refugees [HCR] expresses its preoccupation with the deportation of Haitians from the Dominican Republic. The HCR suggests that a UN mission should be sent to Haiti as well as to the neighboring Republic. The UN High Commissioner for Refugees, Mrs. Sadako Ogata, said that she was intensely concentrating on the deportations and the departures of Haitians from the Dominican Republic to Haiti. According to a UNHCR spokesman, she recommended that a UN interagency mission be sent to Haiti and the Dominican Republic.

The Dominican Government informed the UNHCR that 3,000 Haitians have been repatriated since mid-June, following the Balaguer decree and that 18,000 people, members of their families, have voluntarily left the Dominican Republic. An UNHCR spokesman stated that these numbers increased daily by 500. The spokesman pointed out the serious economic problems caused by these arrivals which has compelled the Haitian Government to begin supervising the High Commission for Refugees.

The humanitarian nongovernmental organizations on site think, however, that the rate of departures is much higher. According to several of them, 100,000 Haitians would be repatriated forcibly. The High Commission for Refugees fears that numerous minor workers who were born in the Dominican Republic and who worked in the sugarcane fields find themselves stateless upon their arrival in Haiti. The UN mission, which High Commissioner Mrs. Ogata suggested to the UN secretary general, would be compelled to find a framework for a solution. [passage omitted]

President Salinas Comments on Free Trade Areas

PM0508085091 Paris LE FIGARO in French
1 Aug 91 p 4

[Interview with President Carlos Salinas de Gortari by Jacques Jacquet-Francillon in Mexico—date not given]

[Excerpts] [Jacquet-Francillon] During the last interview which you granted to our newspaper at the end of January 1990, I asked you: "Are you contemplating Mexican entry into the big free trade zone formed in 1988 by the United States and Canada?"

You replied: "The U.S. and Mexican economies are still too different for us to be able to look at the question of a common market."

I imagine now that you would not give me the same reply.... Why have you apparently changed your opinion so quickly? Why this sudden desire to speed up the course of history?

[Salinas de Gortari] Because the world has changed very quickly and I am trying to follow the pace of the world and, at the same time, fulfill the Mexicans' expectations without delay. The world changed radically just a few months after you asked me that question. In view of that change, not only in the geopolitical situation but also in financial and commercial transactions, we had to respond without delay.

I therefore decided to take the step of changing the mentality of the Mexicans toward our relations with the United States because, otherwise, I could not satisfy the needs and aspirations of a population of 82 million Mexicans, which is growing by 2 million every year.

[Jacquet-Francillon] How far have you gotten in implementing this major plan for a free trade zone, and when do you think you will officially complete it?

[Salinas de Gortari] We have already started an intensive process of negotiations. But it would still be premature to say when we will conclude the agreement.

We must move forward with great care and attention. The aim is to completely change not only Mexico's commercial relations, but also those of the United States and Canada. For us this means a change of quantity and quality, but that will also be true for our partners. For the United States, it will be an opportunity to compete with Europe and the East.

What is at stake is so important that we must proceed with caution and responsibility.

[Jacquet-Francillon] I agree that it is premature to talk of a precise date, but I must insist—should we think in terms of months or years?

[Salinas de Gortari] Some political dates are important. In the United States, there will be elections at the end of next year. I imagine that could be a decisive factor in Washington's timetable.

As far as we are concerned, we have already covered considerable ground in the negotiations because we opened dialogue last year. I think we will have to pursue it for several more months.

[Jacquet-Francillon] With Mexico's membership, it is said that the North American free trade zone will be "the biggest market in the world."

In addition, you have just reached an agreement with Venezuela and Colombia aimed at eliminating customs barriers and thus creating another three-member free trade zone.

So when can we expect to see "a single huge market from Alaska to Tierra del Fuego?"

[Salinas de Gortari] There has always been a desire for integration throughout Latin America. But geographical and economic factors have conspired against it. The current extraordinary international situation seems to make it possible and there are good prospects for seeing this big free trade zone soon becoming a reality.

But I would like to make two comments at this stage:

The first is that we do not see this regional entity as a closed bloc, but as being open to world trade. This applies equally to the big North American market and to the whole Latin American market.

The second is that these bilateral and trilateral agreements are consistent with the spirit of GATT. We in Mexico are pledged to a positive conclusion of the Uruguay Round.

[Jacquet-Francillon] Do you not see Mexico's entry into the North American free trade zone as a means of defense against the economic power of what is often called here on your side of the Atlantic the future "Fortress Europe?"

[Salinas de Gortari] Throughout history, people have built fortresses to protect themselves, but also to conquer.... In this world which is becoming increasingly integrated, we must now set aside the concept of a fortress. That is why we are building this economic region of North America not in a defensive spirit, but in a spirit of competition. We must create a market of a size which enables us to be competitive with Europe or the East and which constitutes at the same time a big opportunity for foreign investors. The practical results of my recent visit to Europe are a step in that direction. [passage omitted]

[Jacquet-Francillon] Did you and Mr. Gorbachev discuss the situation in Cuba and that country's future?

[Salinas de Gortari] Yes, we discussed Cuba. Mr. Gorbachev took a respectful tone, emphasizing the fact that he did not intend to interfere in Cuba's internal affairs because he did not want the Cubans to give their opinion on the

Soviet Union's internal situation. But he pointed out that Cuba's international position is now very different from previous years....

[Jacquet-Francillon] You have just chaired the first annual meeting of the Ibero-American Summit in Guadalajara. "The new order through democracy," was the leitmotiv of that conference which was attended by 23 heads of state and government representing all Spanish-speaking and Portuguese-speaking countries. And yet, of all those illustrious participants, including the Spanish king himself, the one who attracted the most media attention was a kind of dinosaur of communism, the last dictator in the region, if not in the world. How do you explain this paradox?

[Salinas de Gortari] I said from the start of that conference that we were seeking unity without aspiring to uniformity. Four subjects dominated our discussions—integration, democracy, justice, and freedom. Each country made great progress on one or other of these four points. In the particular case of President Fidel Castro, irrespective of his speech (Footnote) (His speech in the plenary session (seven minutes long) took the form of a violent diatribe against U.S. imperialism which struck all the other heads of state present as a totally outmoded way of speaking), we noticed the care with which he spoke in the closed meetings. He showed the importance which Cuba attaches to being part of the Iberian-American entity. Moreover, in his conclusion, Castro made a felicitous remark: "This is an assembly which Boliva, would have liked to convene and which is eventually being held in the presence of the King of Spain...."

[Jacquet-Francillon] Mexico has always maintained good relations with the Castro regime. You seem to have very warm personal relations with President George Bush. Are you not therefore the head of state who is in the best position to offer your good offices to Washington and Havana? Do you now think that normalization between the United States and Cuba is conceivable?

[Salinas de Gortari] That is a difficult question to answer. We Mexicans have maintained good relations with the Cubans because we have not interfered in their affairs.... But if the Cubans asked us our opinion, we would give it with pleasure. There is a fact which cannot be concealed: Economic relations between Cuba and the Soviet Union are now very different from what they were. And this new fact, which I think is very real, will have effects in Cuba. It is difficult to imagine that the Cubans will change under pressure from the United States because they have not done so for 30 years. But the pressure of their economy and the pressure of circumstances are elements which can have a major impact on possible changes.

[Jacquet-Francillon] Let us now turn to Mexico's internal problems.

[Salinas de Gortari] Willingly....

[Jacquet Francillon] You have been praised for your success in the struggle against inflation since your election as president of the United States of Mexico. What is the present position in this sphere? What are your objectives for the end of 1991 and next year?

[Salinas de Gortari] This year, our aim is to reduce inflation to 15 percent and we are on course to achieve that. This is a major step forward if we remember that we were nearing a rate of 200 percent a few years ago. The main factor in reducing inflation was the discipline imposed in public finances. Last year, the deficit was half of one percent of the national product. This year, for the first time in history, we will have a surplus in our public finances. But our aim is still to reduce inflation to single figures and we hope to achieve that in 1992. [passage omitted]

Secretary Reiterates Position on Trade Talks

PA0308133991 Mexico City XHTV Television
Network in Spanish 0200 GMT 3 Aug 91

[Report by Susana Castaneira—passages within quotation marks recorded]

[Text] Commerce Secretary Jaime Serra Puche has said that Mexico's foreign investment law will not be amended because he noted that with its rules and laws, Mexico is currently competitive in attracting capital from abroad:

[Serra, in progress] "...and that there will be no place for pressure to change our legal system. This is a decision that pertains only and strictly to Mexico and the Mexican people."

He reiterated that Mexico's main concern as it negotiates the free trade agreement with the United States and Canada is to defend the country's sovereignty and interests. He stated that the negotiations will be fully in keeping with the Mexican Constitution. The Mexican negotiating team, Mr. Serra said, will not yield to intimidation and pressure and will only negotiate at the negotiating table.

Serra pointed out that at the upcoming round of negotiations, which will take place in Seattle on 18-20 August, Mexico will demand greater access for Mexican investment in the United States:

[Serra] "Several groups representing various Mexican industries have asked us, in consultation with COECE [Coordinator for Foreign Trade Business Organizations], to study, analyze, and negotiate the elimination of obstacles that Mexican investment faces to enter that economy. Of course, we will bring up that issue at the negotiating table."

Mr. Serra said that petroleum is a subject separate from the negotiations. He pointed out that there will be not even a minuscule change in the Mexican Government's position. Serra said that neither exploration for oil wells

nor the refining and marketing of Mexican petroleum will be touched upon during the negotiations:

[Serra] "Those three topics, by virtue of the Constitution, are reserved to the state. These three topics fall under constitutional restrictions."

Mr. Serra said that the issues being discussed that relate to the trilateral treaty are the export and import of petroleum and petrochemical products. The commerce secretary spoke at a news conference that was attended by representatives of the Advisory Council for the Free Trade Treaty of the business, academic, agricultural, and labor sectors of Mexico.

Government To Establish Foreign Investment Rules

*PA0208145891 Mexico City NOTIMEX in Spanish
2149 GMT 31 Jul 91*

[Text] Mexico City 31 July (NOTIMEX) - Dr. Jaime Serra Puche, commerce and industrial development secretary, stated today that, in matters related to foreign investment, Mexico reserves the right to set its own rules in accordance with procedures established in the Constitution.

While participating in the 35th congress of the International Bar Union, Dr. Serra Puche also said that, based on this sovereign right, Mexico will continue to promote investment and to offer clear general application rules, without discriminating among countries.

Secretary Serra Puche added that the free trade pact negotiation will be compatible with the four fundamental constitutional objectives of Mexico: defending

sovereignty, promoting development, guaranteeing autonomy, and procuring justice.

He also pointed out that these four objectives are immovable because they have been fixed by constitutional principles.

However, he clarified that in today's world, independence does not ensure sovereignty because isolation prevents nations from benefiting from the scientific revolution, technological innovation and joint production.

In sum, autocratic economic policy causes regression, poverty, and therefore an erosion of national sovereignty.

Consequently, he pointed out that in today's contemporary world, the consolidation of sovereignty is based on an efficient link between national and world economy.

He added that there is no contradiction between maintaining national sovereignty and merging it with the international economy.

While speaking to lawyers from all over the world, Dr. Serra Puche insisted that Articles 25 through 28 of the Constitution recognize the necessary elements for the state to develop strategic activities, and for the social sector to find the place to unite all collective efforts. The Constitution also gives the private sector the right to develop its talents and abilities.

According to Secretary Serra Puche, within the context of this spirit, the Constitution acknowledges that there should be no limitations to free participation and market access. In addition, it prohibits monopolies and monopolistic practices, with the sole exception of the duties conferred to the state.

El Salvador**FMLN Blames Honduran Army for Peasants' Deaths**

PA0408032191 (Clandestine) Radio Venceremos
in Spanish to El Salvador 0000 GMT 4 Aug 91

[Communique issued by the "Francisco Sanchez Northeastern Front" of the Farabundo Marti National Liberation Front, FMLN, on 3 August]

[Summary from poor reception] 1. A report issued by the Honduran Army "blames our forces for an alleged attack on the village of El Picacho, Colomoncagua municipality, in the past hours, in which three peasants were killed and another was wounded.

"2. It is totally false that we attacked a Honduran Army position because it is not our policy to attack the Honduran Army, and it is not our policy to attack the civilian population in our country, let alone in other countries.

"3. We hereby hold the Honduran Army troops themselves responsible for the murder of three peasants and wounding another."

It would seem that "the Honduran Army wants to get involved in the Salvadoran conflict in support of the Salvadoran Armed Forces," and is trying to attribute the death of peasants to "alleged attacks by us."

We call on the "government, the Honduran Armed Forces High Command, the press, and political parties to carry out an exhaustive investigation of these actions" before blaming the FMLN.

We reiterate that we do not have a policy of aggression against the Honduran Army.

Francisco Sanchez Northeastern Front, 3 August 1991.

Rebel War Report on 3 Aug Attack; 71 Dead

PA0508032491 (Clandestine) Radio Venceremos
in Spanish to El Salvador 0005 GMT 5 Aug 91

[National Army for Democracy, END, war report from the "Francisco Sanchez Northwestern Front," Farabundo Marti National Liberation Front, FMLN, 3d military region—recorded]

[Text] During the past two months the 3d Infantry Brigade and the 4th Military Detachment have been carrying out a severe repression campaign consisting of: the murder of wounded captured END soldiers and officers, the murder of civilians, and the arrest of hundreds of peasants in the Cacahuatique Hill region in Morazan Department and in northern San Miguel Department. Likewise, peasant communities in this area have been threatened into evacuating the region.

Battalion No. 4 Detachment and 3d Infantry Brigade members have savagely captured at least 200 peasants in the Cacahuatique Hill area. On 2 May, after capturing wounded comrade (?Lucio), political officer responsible

for the San Luis de la Reyna area, and his radio operator, Battalion [word indistinct] members murdered them. Meanwhile, on 22 June, when END Captain Genovelio was on leave—visiting his family, dressed in civilian clothes, in the Guapas de Agua area—he was murdered by No. 4 Military Detachment troops. For the past month Battalion Arce has been carrying out an aggressive operation in our territories in the San Gerardo area, San Luis de La Reina, northern San Miguel Department.

Parallel to this situation, the Armed Forces fascist high command has been uncompromising at the negotiating table, refusing to accept that there are two armies in the nation. Therefore, in order to soften the Armed Forces' position and to create favorable conditions to make progress at the negotiating table, and as a punishment to the 3d Infantry Brigade, involved in crimes against hundreds of peasants and FMLN's members and in the aggressive actions against our territories, the END reports that:

1) On 3 August the maneuver named for Capt Genovelio and other heroes who have fallen during our current national campaign was staged;

2) Our maneuver started at 0730 against Battalion Ponce 3d Infantry Brigade troops and concluded at 1730 on the same day. This maneuver took place first on the San Antonio bridge, then it was extended to the hamlet with the same name, located at Villa El Triunfo, Usulután Department.

3) During the clashes, at 1500 we pushed back the company, and then we recovered the first military supplies, while the first enemy casualties were being reported. At 1600 two A-37 aircraft flew over the combat zone to support the troops under attack, but failed as our forces were too close to their troops. At 1700 enemy positions were attacked and overcome.

4) At 1730, when our maneuver ended, the following results were reported:

a) Casualties to the enemy: 71, which is equal to having totally wiped out a Battalion Ponce company. Among the 71 casualties there are 30 dead; 27 wounded; and 14 prisoners of war [POW's], among whom is the command radio operator of this company. The names of the 14 POW's will be given at the end of this report. Among the 30 dead is a second lieutenant, four staff sergeants, and three corporals.

b) War materiel confiscated: 19 M-16 rifles, including one M-603, one 90-mm cannon with three rounds; one 60-mm mortar with three rounds; five M-60 machine guns with 23 ammunition belts; one M-79 grenade launcher with seven rounds; 6,000 5.56 mm rounds; three PRC-77 communication radios; 40 knapsacks; and 14 military kits.

5) The END reports that during this maneuver revolutionary soldier [name indistinct] Diaz Ramos, 18, from Gramales hamlet, [name indistinct] Morazan Department, gloriously offered his life for the democratic

construction of the revolution in El Salvador, while six soldiers were wounded. [passage indistinct]

Commentary Cites Colonels' 'Forgetfulness'

PA0308143591 (Clandestine) Radio Venceremos
in Spanish to El Salvador 0000 GMT 3 Aug 91

[Station commentary: "Oblivion: The Strategy of Violence"]

[Text] We have read the statements made by the colonels before the judge who has been investigating the murder of the six Jesuit priests. Guzman Aguilar, Aviles, Ponce, Leon Linares, Cerna Flores, and Zepeda repeatedly answered the questions from the judge with: I do not know, I do not remember, or, I was not aware.

The loss of these soldiers' memories demonstrates the political guidelines of the oppressors. Presidency Deputy Minister Altschul assures that there is a model democracy here and that there is space for everyone. He tries to cast into oblivion the dozens of persons who have been arrested, tortured, and murdered over the past few weeks. He tries to conceal the persecution against the press and the threats against the people's church, in short, the repression of the Arena [Nationalist Republican Alliance] dictatorship.

Forgetfulness is the central strategy of Arena's scheme. They are trying to extend militarism through forgetfulness. Radio Cuscatlan calls on soldiers to fight so that El Salvador can be like it was before the war—a country of privilege in a kingdom of dictatorship, hunger, and death. Militarism maintains economic control over the media and pressures independent journalism to try to silence any search for the truth or any effective investigation of the causes or the perpetrators of the genocide—the perpetrators of violence against the people's sectors; violence that kills by cutting the throats of community leaders; violence that kills children through malnutrition; violence that decimates the living standards of the majority with neoliberal economic schemes.

Violence and forgetfulness are two faces of the same coin. That is why revolutionaries feed off the collective memory that does not forget our dead, a single tear from the [word indistinct] without bread, work, housing, land for seeding, Msgr Romero, or any of the 70,000 dead in this struggle against forgetfulness. [Words indistinct] are a permanently ringing bell in our daily combat and conscience. Ready for any sacrifice, we give each drop of blood to fulfill the democratic revolution that dynamically rises in the dual powers of revolution and democracy. We are permanently aware of the reasons for our struggle in which every day we defeat the causes of violence—the roots of forgetfulness.

Rebel Radio Reports Air Force Helicopter Crash

PA0308123591 (Clandestine) Radio Venceremos
in Spanish to El Salvador 0000 GMT 3 Aug 91

[Text] A Salvadoran Air Force helicopter crashed at approximately 0400 on 2 August. The incident occurred when Lieutenants Juan de Dios Miraflores and Douglas Alcides Cornejo Escobar, who were piloting the aircraft, attempted to land at El Picacho military airstrip near the San Salvador volcano. This proved impossible due to visibility problems, which caused the helicopter to drop down a ravine. Helicopter gunners Salomon Reyes Ramos and Jose Alcides Rivas Miranda were seriously injured, but the pilots were only slightly injured.

This incident occurred because the National Army for Democracy's firepower has neutralized the Air Force and forced them to fly only at night. We believe that this situation should make soldiers, non-commissioned officers, and officers who must face our forces on a daily basis, profoundly reflect on the danger they could encounter by not having Air Force support. The Air Force no longer overflies combat areas during the day for fear of being shot down and at night they cannot see where they are flying or where they are supposed to land, as happened today at El Picacho, near the San Salvador volcano.

Soldiers, the Air Force no longer gives you support.

Air Force Confirms

PA0308124891 San Salvador Canal Doce
Television in Spanish 0300 GMT 3 Aug 91

[Report by Ernesto Rivas]

[Text] An Air Force accident early this morning in El Picacho, near the San Salvador volcano, has injured two gunners. As far as can be established, the UH-1H helicopter is a total loss. Unofficially it has been learned that the helicopter will not be repaired but dismantled for spare parts. Mechanical problems were blamed for the accident. Initially it was said that it came down in a wooded area; however, it was later determined that it crashed at a military base at El Picacho, near the San Salvador volcano, moments after take-off. An officer assured me that at no time was the aircraft attacked by insurgents, as was initially speculated.

[Begin recording] [Unidentified officer] It was an accident—just when the helicopter was about to land [as heard] on the strip. This incident did not involve any terrorists.

[Rivas] What time did this happen?

[Officer] At 0415.

[Rivas] Was anyone injured?

[Officer] Three soldiers were slightly injured. [end recording]

According to accounts at the site, in addition to mechanical failure, bad weather in the area contributed to the

accident. At least four helicopters have crashed in 1991 due to mechanical problems. These accidents have taken place in Suchitoto, Chalatenango, and Jucuapa in the Ilopango area, where five Americans were killed.

Vice President Comments on FMLN, Armed Forces

PA0208153291 San Salvador Radio Cadena Central in Spanish 2300 GMT 1 Aug 91

[Passages within quotation marks recorded]

[Text] Vice President Francisco Merino has stated that the decision of the Farabundo Marti National Liberation Front [FMLN] to participate as a political party in the 1994 elections is positive and contributes toward peace.

According to the vice president, this attitude shows that the rebels have realized that the military path is not the best way to face the domestic problems the country is enduring. He said that at the next round of talks, which will take place in Mexico, the government will continue to call for a political solution as the only way to pacification.

[Merino] "The FMLN has carried out a series of campaigns and, after balancing costs and benefits, it is able to accept that it is mistaken and now is calling for new activities. We are going to a new meeting, maintaining our invariable position of securing the country's pacification through political dialogue.

"We are going to Mexico with a realistic attitude and the understanding that the FMLN is going through serious internal differences, but aware of the fact that the overwhelming argument that the actual situation represents forces them to accept and understand that the dialogue is the best possible way to resolve this problem."

Vice President Merino said that agreements should be signed at the negotiating table to allow a review of pending points.

[Merino] "We have been waiting for a cease-fire agreement, so as to then begin reviewing [words indistinct] of a cease-fire. I believe that we should be able to distinguish between reaching an agreement and compliance with the agreement, which would have to be verified by ONUSAL [United Nations Observers for El Salvador], [words indistinct] human rights matters, and, as a government, we would like this agreement to be as clear as possible. This is why a cease-fire, a halt to the war, is necessary, so that there can be a clearer atmosphere for verification. From that point on, as I have said, there should be actions directed at securing the disarmament and demobilization of the FMLN in connection with the government's compliance with a series of commitments, such as a reduction in the amount of military apparatus, to correspond with the FMLN putting an end to violence."

Vice President Merino said that constitutional reforms have to be ratified, but first there must be a cease-fire. The ratification, he said, would obviously have to be the result of an agreement by the political parties.

[Merino] "Once reforms are approved, the next step, according to Article 248, is to ratify the reforms. We agree that the moment of ratification must come and this is a responsibility, exclusively, of the political parties represented in the National Assembly, the decisions of which are autonomous. It is important to produce a bipartisan consensus because this is not a matter of simply obtaining the votes required by the law, it is also necessary to secure the political backing that the ratification needs so that once it goes into effect it is not opposed and may function fully.

"The [possibility of] progress on the Armed Forces issue [in the National Assembly] should depend on progress at the negotiating table, where the FMLN should be ready to assume additional commitments."

The Armed Forces issue is a difficult issue, but an agreement can be achieved on it, Vice President Merino said. He emphasized that the military as an institution, must continue its activities because the country remains in a state of war.

FMLN Official, Commentaries Criticize Arena

Zamora on Amendments

PA0208184791 San Salvador Canal Doce Television in Spanish 0300 GMT 2 Aug 91

[Report by Elizabeth Lemus. Passages within quotation marks recorded]

[Text] Legislative Assembly Vice President Ruben Zamora has described as a step backward in the negotiation process the remarks made by Arena [Nationalist Republican Army] President Armando Calderon, who said that his party will not vote for the constitutional amendments concerning the Salvadoran Armed Forces. Zamora attributed Calderon Sol's stand to Arena internal problems.

[Zamora] "They should try to work out Arena's internal problems among themselves. They should not use matters of national importance, such as the approval of the constitutional amendments, to settle internal disputes."

Ruben Zamora attributed Calderon Sol's remarks against the ratification of constitutional amendments until a cease-fire is reached to Arena internal problems. He stated that when the Legislative Assembly discussed the amendments, it was never agreed to approve the amendments on the Armed Forces after the cease-fire was reached. That condition, Zamora cautioned, may hamper the peace process.

[Zamora] "Calderon Sol has taken a step backward. Calderon Sol initially said that he would reject all the amendments, and now he is singling out a few of them. I would like to tell Calderon Sol that when this point was discussed with President Alfredo Cristiani, nobody ever said that the amendments on the Armed Forces would be

approved following the cease-fire. Also, when we discussed this matter in the Assembly and reached a [words indistinct] in the Assembly, we did not impose this condition either.

Now, Calderon Sol wants to impose conditions at the last moment that are not right, are not good, and do not help the peace process."

Ruben Zamora said that the deputies scheduled a meeting on 30 August to discuss the timetable of the process to ratify the amendments.

[Zamora] "We agreed to begin the debates with the human rights amendments, which create a human rights ombudsman. We have scheduled a meeting for 30 August to be presided over by high level Assembly leaders in order to establish a clear timetable."

The National Assembly vice president noted that Calderon Sol must change his stand, as it hampers the peace process. Commenting on the recent wave of kidnappings, he voiced his concern and hope that it would end since they are also hampering the peace talks.

'Leadership Struggle' in Arena

PA0308005091 (Clandestine) Radio Venceremos
in Spanish to El Salvador 0019 GMT 2 Aug 91

[Unattributed station commentary: "Cristiani Between Indecisiveness and Cowardice"]

[Text] The leadership struggle within Arena [Nationalist Republican Alliance] has intensified now that cancer threatens D'Aubuisson's life. Because of this struggle, Cristiani is losing ground to the Fascist extremists, who accuse him of having signed the Mexico accords and think it was unpardonable for him to have compromised on the constitutional reforms.

During the negotiations, Cristiani has gradually been forced to recognize the reality of two powers in the country and that a new correlation of forces in El Salvador is helpful in a country that favors a transformation of society. Since the constitutional reforms and the FMLN's [Farabundo Marti National Liberation Front] decision to participate in the 1994 elections, we have seen the Arena leaders assume substantially different stands. On the one hand, there are clearly the realistic Arena leaders who have understood that the Armed Forces were defeated in their attempt to destroy the FMLN and that negotiation is the only solution to the conflict. On the other hand, there are the recalcitrant death squad leaders, representatives of the most primitive line of thought in the Armed Forces, who have organized themselves into the Salvadoran Anticommunist Front [FAS].

Prior to every negotiation, FAS—that is to say, Arena and the Armed Forces—unleashes its campaign to pressure Cristiani. We recently saw Cristiani back down in his pledges, thus showing his cowardly and indecisive nature. It is precisely now that the negotiation progresses

toward a time when all social sectors should be more aggressive in their struggle for peace, rush into the struggle in every fields, and make every effort toward and use all their abilities in the final push to definitively defeat militarism.

Anticommunist Front Threats

PA0308003091 (Clandestine) Radio Farabundo
Marti in Spanish to El Salvador 0000 GMT 2 Aug 91

[Station commentary: "The Arena Party's Disaster"]

[Text] The Arena's [Nationalist Republican Alliance] refusal to ratify and comply with the Mexico agreements as well as its refusal to hold a meeting with the Farabundo Marti National Liberation Front [FMLN] proves to the whole world who is obstructing the progress of the negotiations.

The Arena will have to pay the costs of its stubbornness because it has been the United Nations and a group of friendly countries, more recently the United States and the USSR, that have been urging both sides to sign agreements to end the armed conflict.

Arena's sabotage significantly adds to the renewed threats made by the Salvadoran Anticommunist Front [FAS], the actions of which San Salvador Mayor Armando Calderon Sol described as the beauties of democracy. These criminal threats, however, respond to the internal struggles of a party that is not prepared for democracy, but is built to govern through death squad tactics.

No glasses are needed to identify the ideological inclinations of the aforementioned front belonging to Arena and the Armed Forces and to learn that they are branches of the same trunk. They are hanging on to power to the detriment of the majority of our civilian society.

It is not a coincidence that death squads have asked the high command of the Armed Forces to allow them to act with impunity and that they say that the voices of the Salvadoran people are beginning to appear in the defense of our dear El Salvador, just as Roberto D'Aubuisson, Francisco Merino, and Armando Calderon Sol have proclaimed since the beginning.

The more military aid the Armed Forces gets from the United States, the more irrational the rightwing groups become. In this regard, U.S. Government officials should assume their responsibility in view of the imminent incidents of terror and death. Salvadoran revolutionaries have faced death squads for more than 20 years. More than threatening the FMLN, the old-fashioned institutional anticommunism is determined to sentence to death the political and social opposition, which seeks a national dialogue to resolve the country's crisis. If we were able to face and defeat their dirty war tactics, which were meant to eliminate us, when we did not have a national army, then they will not be able to defeat us now when we are preparing for a great civic victory.

Generals, colonels, and oligarchs must face the consequences if they try to abort the negotiation process because the only thing they will be able to do is bring the military confrontation to their dormitories.

Arena's disaster is underway. It is a party that is fracturing itself in the final stretch of the war, precisely when the doors of democracy are being opened by the Salvadoran people.

Newspaper 'Psychological War'

PA0208172491 (Clandestine) Radio Venceremos in Spanish to El Salvador 0027 GMT 2 Aug 91

[Unattributed station commentary]

[Text] This is a note on the psychological campaign that the Arena [Nationalist Republican Alliance] government is waging through the newspaper EL DIARIO DE HOY.

It should go without saying that EL DIARIO DE HOY is the official organ for Arena's psychological war. The newspaper is filled with headlines and reports that portray the FMLN [Farabundo Marti National Liberation Front] as the bad guys in a movie and saying that the FMLN has raised obstacles that block a cease-fire, [words indistinct] and has attempted to steal arms in Honduras, etc.

It is remarkable that it is precisely EL DIARIO DE HOY that carries such reports. Apparently, the military and the Arena leaders have been the most affected in our country by the Honduran Government's significant welcome for Commander Joaquin Villalobos. The report [words indistinct] his visit to Tegucigalpa and now they want to blemish the FMLN's image with a pretentious hoax.

According to the ARENA-sponsored story in EL DIARIO DE HOY, the FMLN attacked Honduran soldiers in La Culata to steal arms. The story, which is difficult to swallow, tells of a Honduran sergeant, Carlos Orlando Orellana, chasing and overtaking one subversive. The sergeant interrogated him but, as he returned with the captured subversive, he was attacked by other guerrillas. Amid the shooting, the captured subversive was wounded and later died, an unconvincing story.

We have reports that the Honduran Army is deploying troops all along the border with El Salvador from Cabanas to Morazan Departments, a drive that is also part of the psychological war. The true purpose of this government move has thus been uncovered, as well as the stupidity of several officials, such as Foreign Minister Manuel Pacas Castro, who said that ONUSAL [United Nations Observers Group for El Salvador] will have to investigate the incident. Nonetheless, we are telling the foreign minister that it is ONUCA [United Nations Observers Group for Central America] that should look into this. Just in case he has forgotten, we are reminding him that ONUCA's mandate is to verify compliance with the accord on human rights and any future accords signed by the FMLN and the government

at the negotiating table. We also want to point out that the Honduran Government and Armed Forces [words indistinct] the negotiating process to settle the conflict in our country and contribute toward the Salvadoran Government's dirty war. One thing remains clear, however. The FMLN has neither attacked the positions of Honduran soldiers—though we have sufficient arms to do so—nor violated Honduran territory. This is simply a psychological campaign waged against the FMLN at a time when the Salvadoran Government is cornered by strong local and international pressure to negotiate seriously. Above all, the improved East-West relations indicate the advisability of reducing military aid for the Salvadoran Government and Army.

Guatemala

Report on 9 Murders in 24 Hours in Guatemala City

PA0308192191 Panama City ACAN in Spanish 1656 GMT 3 Aug 91

[Text] Guatemala, 3 Aug (ACAN-EFE)—Some nine Guatemalans, including a woman, were murdered within the past 24 hours in different areas of Guatemala City. Most of the victims were killed by the so-called "death squads," firemen [bomberos] reported today.

According to the report—the first three victims, whose hands were tied behind their backs and showed signs of torture—were shot to death. They were found in an area between Ciudad Real and Villa Hermosa neighborhoods in southern Guatemala City.

The sources added that the bodies of a couple were found in a small hotel. The murderers had given them one finishing shot each.

The other four bodies, showing signs of torture, were found in different areas of the city. None of the victims were identified because they had no identification papers, the firemen said.

URNG Reports 10 Casualties Inflicted on Army

PA0408210991 Panama City ACAN in Spanish 1706 GMT 4 Aug 91

[Text] Guatemala City, 4 Aug (ACAN-EFE)—The Guatemalan guerrillas reported today, Sunday, that they have inflicted 10 casualties on the army. In addition, the rebels reported that they launched an attack on an "A-37B" plane and two helicopters, with anti-aircraft fire, in military actions perpetrated in three departments of the country.

The Guatemalan National Revolutionary Unity (URNG) reported that on 1 August the guerrillas ambushed a military truck in Peten Department, reportedly killing three soldiers.

The URNG bulletin stated that the other seven casualties were inflicted in the Departments of San Marcos and Quiche, adding that no casualties were reported in the URNG ranks.

Meanwhile, Manuel Eduardo Conde Orellana, secretary general of the presidency, said that the rebels' actions are unnecessary measures to pressure the government when a negotiating process aimed at finding a political solution to the internal conflict of the country is under way.

Violence has caused more than 150,000 deaths in Guatemala in three decades.

*** Poverty Worsens in Rural, Urban Areas**

91CA0189A Guatemala City SIGLO VEINTIUNO
in Spanish 12 Jul 91 pp 12-13

[Article by Rene Arturo Orellana Gonzalez, public accountant, auditor, and economist]

[Excerpts] [passage omitted] Official information on the number of poor families in urban and rural areas and data on their small incomes are alarming, since the salary received by the workers has not made it possible to ensure even their own survival and that of their family units. Consequently, salaried workers, those working for themselves, and members of their families have had to

find various ways of obtaining monetary or nonmonetary income to obtain the resources necessary to exist. In this search all of the members of the family participate, including women and even minor children.

Perhaps one of the characteristics of contemporary Guatemalan society has been the unprecedented "impoverishment" of the economically active population (PEA), which amounts to 2.9 million people throughout the country, equivalent to 49.7 percent of the total number of persons over the age of 10. This impoverishment is reflected by indicators such as real salary, per capital levels of consumption, the coverage and quality of social services, and other factors.

Despite the fact that living levels have experienced small, temporary recoveries, the general tendency of the historical curve over the past 10 years has shown a frank deterioration and unprecedented pauperization for the majority of the people of the country.

According to estimates of the Secretariat of Economic Planning (Segeplan), during 1980 poverty affected 63.4 percent of the 1.3 million families in the country. Of this group of families 31.6 percent were in a state of misery, since their incomes were insufficient at the time to purchase the minimum basket of food. Meanwhile, 31.8 percent of the families suffered from less than extreme poverty because they did not have the economic means to pay for a basket of goods and services which, in addition to food, includes housing, clothing, furniture, health, education, transportation, and other expenditures. The proportion of households which were not poor amounted to 36.6 percent of the total. Hence, approximately two-thirds of the families were immersed in poverty, while the remaining one-third was able to satisfy its basic needs, making up the stratum of the nonpoor.

Evolution of Family Poverty in Guatemala, 1980, 1987, and 1989
(in percentages)

Area	1980	1987	1989
Entire Country	63.4	83.4	89.0
Guatemala City	56.3	63.5	67.8
Other Cities	60.1	67.8	72.4
Rural Area	66.2	87.1	93.0

Source: Author's calculations with data from Segeplan

In 1987 overall poverty increased to 83.4 percent, with the misery level reaching 64.5 percent, while less than extreme poverty had been reduced to 18.9 percent. In 1989 89.0 percent of the 1.5 million families in the country were in poverty, with the misery level rising to 67.1 percent and less than extreme poverty reaching 21.9 percent. Meanwhile, the proportion of nonpoor households was simultaneously reduced to 11.0 percent. This reveals a greater pauperization of the people and the gradual impoverishment of the middle class, due to inflation, low salaries, the economic crisis, and programs of readjustment and economic recovery, which had impoverishing effects.

Consequently, during the lost decade of the 1980's the index of overall poverty increased by 25.6 percent, the misery index dropped by 35.5 percent, and less than extreme poverty declined by almost 10.0 percent. This is a national problem which has its impact principally in rural areas, where the poverty index increased from 66.3 percent in 1980 to 93.0 percent in 1989. In Guatemala City it rose from 56.3 percent to 67.8 percent, while in the remaining urban areas it increased from 60.1 percent to 72.4 percent.

In the rural areas the communities most affected have been those where subsistence agriculture, handicraft activities, and smallholder farming prevail.

Although the Guatemala City poverty rate is the least acute, the number of poverty stricken persons is high. Perhaps this is the area which has been most affected, given the concentration of its population and the extension and deepening of the failure to satisfy basic needs.

The poverty situation has changed the profile of the average family, with visible affects on its quality of life, while the characteristics of a new kind of existence have been broadened and deepened. This form of existence is characterized by precarious access to social services, residential crowding, personal insecurity, and the appearance of a new style of family relationships, with a notorious weakening of family ties. The crisis has been internalized and has grown among the mass of the people, who have fewer possibilities for confronting the challenge of modernization in urban areas and in Guatemalan agriculture. [passage omitted]

In the metropolitan area (including Guatemala City and its area of influence), where the poverty index is lower, a little more than three-fifths of salaried workers have a per capita

income of 264 quetzales per month. This amount is extremely low for meeting the cost of family subsistence.

In the modern sector, which pays its workers better, the average salary is 303 quetzales per month. This amount is also low for meeting the constant and generalized increases in the prices of goods and services and the growing conversion of the economy to a U. S. dollar basis. This may not be true of the rural population, whose income is more precarious and is frequently seasonal.

Although private enterprise and the government of the modern or formal sector have made occasional salary adjustments, such increases, despite their good intentions, have been eliminated by inflation, given the structural and circumstantial problems involving the ways in which the employment and populational variables have behaved. [passage omitted]

Nicaragua

Government, El Indomable To Meet for Talks

Leader Asks for Dialogue

PA0208162991 Panama City ACAN in Spanish
1518 GMT 2 Aug 91

[Text] Managua, 2 Aug (ACAN-EFE)—The leader of about 200 rearmed former "contras," known as "El Indomable," has sent a letter to Nicaraguan Government Minister Carlos Hurtado "demanding" the suspension of military actions against them and a dialogue on 6 August.

In the letter, dated 31 July in northern Nicaragua, the leader of the rearmed former "contras," known as "recontras," states that if the government of President Violeta Chamorro orders the suspension of military operations against the demobilized fighters who have rearmed, he promises to stop the attacks.

"El Indomable" adds that if the conditions he is demanding intended to seek a solution to the problem are met, the talks could be held in Quilali Municipality, near the border with Honduras.

Hundreds of demobilized former "contras" rearmed themselves last April because they were disappointed with President Violeta Chamorro's decision to keep Sandinists in the Army leadership and because the

agreements by which the anti-Sandinist rebels would turn in their weapons have not been fulfilled.

Government 'Rules Out' Meeting

PA0208153191 Managua BARRICADA in Spanish
1 Aug 91 p 8

[Text] Matagalpa—The Nicaraguan Government has ruled out the possibility of talking with the rebel leader known as El Indomable but has agreed to designate a territory where between 80 and 100 persons who rose in arms the day that Quilali was attacked might surrender their arms tomorrow.

During a news conference yesterday, Commander Sergio Gomez, regional chief of police, reported that approximately 1,200 men rose in arms, some 300 of whom are gathered in groups of between 10 and 15 men and always have their rifles with them. In the past two months these groups have harassed seven villages, kidnapping 10 people and murdering 11, and have perpetrated two acts of sabotage and 20 violent robberies, mainly on highways.

Discussing the causes of the uprising, including the lack of personal safety mentioned by those who took up arms again, Gomez explained that in the places with the greater number of demobilized fighters—Wiwili, Rio Blanco, and Bocay, among others—most of the police units are made up of former Nicaraguan Resistance members.

Gomez announced the formation of a regional commission to look into the increasing number of reports on the Rio Blanco police. He said, however, that the main problem might be the inexperience of the police.

He confirmed the existence of great tension in places such as Matiguas because of the presence of recontras and the existence of a military plan to occupy some towns in the region and even to harass military units in Jinotega. Rio Blanco, Pantasma, Yali, and Cua are some of the other places affected by this situation.

In these villages, Gomez said, military authorities meet with political leaders, church representatives, and local notables to persuade the rebels that their armed actions might result in a large number of deaths. Gomez warned, however, that the police and the Army will fire back if they are attacked by the rebels.

Finally, Gomez said that peasants are fleeing Cua and Wiwili because of the recontras and that approximately 300 former military men and Sandinists from Wiwili are reportedly preparing to defend themselves from future armed attacks.

Government Agrees To Talks

PA0408211691 Panama City ACAN in Spanish
1719 GMT 4 Aug 91

[Text] Managua, 4 Aug (ACAN-EFE)—The Nicaraguan Government has agreed to hold talks next week with the

leader of some 200 former contras, known as "El Indomable," in an attempt to find a peaceful solution to the conflict in the northern region of the country.

Government Ministry sources confirmed that Minister Carlos Hurtado traveled to northern Nicaragua, where he met with mayors and political leaders close to the government and with opposition leaders.

Hurtado, in statements made to the press in Matagalpa, said that the move to agree to the talks does not imply that the government "is legitimizing the methods used by 'El Indomable.'" No date or place has been reported for the talks.

The minister, however, admitted that accepting the talks was part of a government "offensive" directed at stabilizing and controlling the situation throughout Nicaragua's northern towns.

"El Indomable," commanding 80 recontras, attacked the Quilali police station in July. The clashes killed two recontras and two policemen and wounded a dozen people on each side.

On 31 July the leader of a part of the demobilized contras, who took up their weapons again and are now known as "recontras," demanded that the talks take place on 6 August at Quilali, a municipality near the Honduran border.

The recontras are asking that hundreds of former contras, who are "accused of crimes they did not commit," be released from several prisons around the country.

They are also demanding the disarmament of Sandinist-controlled collective farmers and cattle ranchers, as well as the removal of army troops and policemen from San Rafael Norte, Yali, La Concordia, Pantasma, Wiwili, Quilali, San Juan Del Rio Coco, and El Jicaró.

"El Indomable," whose true identity has not been disclosed, is asking for the government, in accordance with the people, to appoint civilian authorities in those municipalities of northern Nicaragua.

Delegates of the Chamorro administration had previously met with other groups of "recontras" headed by "Dimas" and "Tigrillo," but the results of these talks have not yet been disclosed.

President on Property Held by Sandinists

PA0208231791 Panama City ACAN in Spanish
1535 GMT 2 Aug 91

[Text] Managua, 2 Aug (ACAN-EFE)—Nicaraguan President Violeta Chamorro has stated that "if they are honest," the leaders of the previous Sandinist government will return the state property that they distributed among themselves before leaving the government in 1990, something that led to the scandal known as "La Pinata." "Everyone is interested in learning about the pinata (the distribution of property among Sandinist

leaders), but this is repulsive," Chamorro said in an exclusive interview granted to ACAN-EFE in which she also denied that her government has been "kidnapped" by the Sandinists.

The president reaffirmed her plans to continue reducing the size of the Nicaraguan Army. She requested international assistance to continue with her disarmament program and voiced appreciation for Spain's help in making the Army and police more professional. She did not attach much importance to the recontras who remain armed.

About the pinata, Chamorro said she does not believe that the scandal or attempts by her followers to abolish the Sandinist laws, which legalized the distribution of property, will become a threat to Nicaragua's stability. According to leaders of the ruling coalition—the National Opposition Union (UNO)—high-ranking officials of the previous regime took over some 1,500 mansions and land, valued at approximately \$700 million. A wave of terrorist attacks against UNO leaders, and the occupation of mayors' offices and radio stations took place two months ago following the National Assembly's decision to study the repeal of the laws that legalized the distribution of property, most of which had been previously stolen from anti-Sandinists. Leaders of the previous regime even threatened to stage a rebellion if the laws are abolished.

When Chamorro was asked if she would be willing to demand former Sandinist President Daniel Ortega to return his home, she replied that the National Assembly must decide that. Ortega, secretary general of the now opposition Sandinist Front, is occupying a mansion being claimed by a Mexican citizen with the support of the Mexican Government.

Late in August, the 52 UNO deputies will discuss in Parliament a draft law to abolish the laws that legalized the pinata. They have announced that they will do this with or without the presence of the 39 Sandinist legislators who walked out of the assembly last June. When asked if she would veto that law, Chamorro said that "first we must hear what the deputies have to say, because I cannot dispute what the assembly is doing." The president insisted that her government will not be destabilized because of this issue. She announced that soon there will be a "surprise" to that effect. "It will be a surprise in the sense that the property issue is soon going to come to an end. There will be a solution, as there has been for everything else since the day I was elected," Chamorro stressed.

The Nicaraguan president said she does not feel "kidnapped" by the Sandinists and does not have any agreements with them, as some UNO leaders claim. "I was kidnapped as a member of the National Reconstruction Junta"—the first Sandinist administration following General Anastasio Somoza's ousting in 1979—"and that is why I resigned in 1980. But now I feel as free as a bird," she said. "The Sandinist opposition has given me a reputation that I am an old lady who is good for nothing, a rag doll, that I was

going to be manipulated, and that I was going to have critics on both sides. Forget it, because I have my personality and love for the fatherland."

On the other hand, she reaffirmed that she will continue reducing the size of the military so that Nicaragua will have only "a small army" to guard the sovereignty of the country. She announced that she will turn the military garrisons into nurseries. Chamorro said that she is waiting for economic assistance from Spain, Venezuela, the United States, and other countries in order to continue with the disarmament in Nicaragua, where it is estimated that 100,000 persons—including Sandinists and former contras—have war weapons. According to Chamorro, the civilians have so many weapons that "having a weapon in Nicaragua is like having a cup of coffee."

Concerning the reduction of the Armed Forces in other Central American countries, she said: "Without meddling in the affairs of other states, I believe that the presidents of other nations also want to do so, but this must be done smoothly in the manner in which they are able to do it." According to Chamorro, the Nicaraguan Army has been reduced from 98,000 to 25,000 troops from the time she rose to power, 15 months ago.

Concerning the demobilized "contras," who have regrouped and rearmed since last April in the northern part of the country and who have attacked police stations, she said that she expects to solve that situation by holding a dialogue with them. "These boys are coming from outside; they did not accept the disarmament of the 'contras' that concluded in June 1990. They are running around with their little weapons, and I do not know who is financing them," the Nicaraguan president emphasized.

Meanwhile, she described as "outstanding" the Spanish Defense and Interior Ministries' assistance to the Nicaraguan Government in establishing a Military Academy to provide professional training for the Army officers, as well as Spanish cooperation in other areas of public security. Last June Spain donated to the Nicaraguan police some equipment for criminal investigations. In July it delivered 50 motorcycles, 50 vehicles, and radio communications equipment to the Government Ministry.

When asked about the investigations of the murder of contra leader Enrique Bermudez that took place last February in Managua, the president said "this case has not been closed."

Ortega Says Cesar Trying 'To Topple' Chamorro

PA0208195891 Madrid EFE in Spanish 1705 GMT
2 Aug 91

[Text] Mexico City, 2 Aug (EFE)—Former Nicaraguan President Daniel Ortega Saavedra has accused former contra leader Alfredo Cesar, president of the National Assembly, of trying to use the National Assembly to topple President Violeta Chamorro.

Ortega stated yesterday that "contra leader Alfredo Cesar is a CIA agent and is trying to use the National Assembly to topple President Chamorro by fabricating crises for the sole purpose of allowing the 'contras' to take power one way or another."

Ortega, who said he was in Mexico City "enjoying a vacation," has met with Mexican President Carlos Salinas de Gortari. He asked Salinas to intercede with the United States so that political and economic stability can be achieved soon in Nicaragua.

The leader of the Sandinist National Liberation Front (FSLN) noted that "Mexico's mediation in the problem would be a decisive factor in enabling Nicaragua to advance and overcome its difficulties."

"Just as Mexico and France joined hands to tackle the Salvadoran crisis, and just as the Contadora Group was later created, Mexico could intercede with the United States so that the current process of recovery in Nicaragua does not come to a halt," Ortega said.

The former president stated that the recovery process "constitutes an uphill struggle against time, which must be undertaken to allow Nicaragua to overcome its grave problems." He admitted that Sandinism "lost power when pitted against the political organization of President Chamorro, but the day we can return to power is not too far away."

The FSLN leaders dismissed charges that when his administration ended, the Sandinists became the new rich class, "because many of them do not even have a home, and many others are trying to obtain one."

FSLN, Yatama Sign Political Alliance Agreement

PA0208232091 Managua BARRICADA in Spanish
1 Aug 91 p 5

[Text] The Sandinist National Liberation Front (FSLN) and Yatama [Miskito, Sumu, and Rama Indians, and Creole groups' organization] have signed a formal document establishing a political alliance between them. In the document they promise to watch over the historic rights of the coastal people.

The document was signed at the offices of the FSLN secretariat between the group led by Rudwell Steven Wilson, a.k.a. Commander Taphu; FSLN commanders Luis Carrion and Lumberto Campbell; Deputy Ray Hooker; and Johnny Hodgson, head of the Sandinist members of the regional council of the Southern Atlantic Coast Autonomous Region.

The unity agreement was signed after Commander Taphu told FSLN Secretary General Commander Daniel Ortega that they must unite to struggle for the well-being of the coastal people and to make sure the region's autonomy is maintained in view of the disinterest shown by the National Opposition Union government.

The 10-point document calls for the defense of the historic rights of the coastal people, respect for autonomy as established in the constitution, the struggle for unity, and brotherhood and solidarity among the residents of the Atlantic and Pacific regions. The document also calls for the promotion of a peace process in the region, holding elections, and delimiting municipal and communal lands.

The document calls for coordination with the autonomous regional councils and for the defense of the former combatants of Yatama and the Nicaraguan Resistance and discharged members of the Sandinist People's Army and the Government Ministry so that they will be treated as established in the reconciliation process.

Commander Luis Carrion said that "this is a political agreement of nationwide importance, because even though in the past we confronted each other, we are now trying to resolve problems peacefully."

Carrion added that—although there are sectors of the rightwing and the government, such as Vice President Virgilio Godoy, who are trying to promote vindictiveness and war—the FSLN and Yatama reject violence and seek dialogue.

Rudwell Steven Wilson said they were allying themselves with the FSLN because it is the only party that has shown interest in defending the rights of the coastal people.

Although other groups of the organization have not recognized Taphu's group as the leading component of Yatama, he said "we are the group with the greatest support, because we are the only ones who have always been with the people."

National Directorate Member on Future of FSLN

PA0308022391 Managua EL SEMANARIO in Spanish
1-7 Aug 91 pp 8, 9

[Article by Victor Tirado Lopez, member of the National Directorate of the Sandinist National Liberation Front, FSLN, entitled: "Revolution is Creativity"]

[Text]

Let Us Make Our Thinking Independent

Throughout this century Latin America has been dominated by the hegemonic interests of the United States, whose administrations carried out acts of aggression and intervention of all kinds to establish absolute control that was at times direct and at other times indirect.

Latin America has always been seeking its own identity and origins. The idea is to make our thinking independent from Europe, because our thinking was also colonized. In 1959 the Cuban revolution shattered that domination and had an impact on Latin America. That

revolution also turned into a vehicle of direct confrontation with the United States and Cuba sought and received the support of the socialist camp for its military and economic defense.

The Sandinist revolution triumphed in 1979 with a program of pluralism, mixed economics, and nonalignment. The same thing that happened to Cuba, however, was repeated: there was a direct confrontation. At that time, the challenge existed in economic rather than in military terms. What was not understood—and is still hard to understand—is that Latin America's problems call for profound economic changes.

The questions of militarism in Latin America and the East-West conflict are losing their importance. I think they no longer have the same influence in political and economic terms that they had in the 1950's and 1960's, when the military sector, in coordination with the U.S. administrations, were responsible for economic and democratic stagnation.

We always said that the economic question is the most important one for the revolution. Hence, we had to exceed the economic goals of the Somoza regime, expand the agricultural sector to increase exports and domestic consumption, and find solutions to social demands. All of that was postponed because of the conflict financed by the United States. The war took precedence over any productive activity. With the military conflict over, the recovery of economic activity became a priority.

In Nicaragua the current government is continuing what we left unfinished in Nicaragua due to the war, because it cannot roll back the economic transformations carried out by the Sandinist regime. It must continue them because the current model is suited to the country's economic needs. A model that was prepared out of the Nicaraguan framework and imposed during the economic crisis, such as the one we are experiencing, enters a crisis too. For instance, we have the economic adjustments of the IMF and Inter-American Development Bank. We are not confident about their results, and we do not know if they will work or not. Whether or not they are implemented, however, an internal social confrontation cannot be avoided. That is why I said that the existing economic crisis is compounded by a crisis that was imposed. Here is another example: the imposed economic adjustment worsens the current unemployment. It does not just maintain the rate of unemployment but raises it.

Standards, Doctrines, and Models Were Imposed on Us

As I said, Latin America has always been dependent on Europe's political and philosophical currents. The revolutionary movement in our countries has not been isolated from that influence. So far this century the USSR and its concept of revolution served as a guide to design the strategy and tactics of Latin American revolutionary movements.

I am not in favor of an anti-imperialist movement as the one created in the 50's and 60's to face the United States. An

anti-imperialist movement today must use different methods. We have always copied from others. Our schemes, doctrines, and models have been imposed on us.

Not all Latin American revolutionary politicians and leaders have a clear picture of what is happening today. They have overlooked the fact that a well-founded and well-programmed mixed economy can have positive results for developing nations and that the key to the success of our country's development can be found there. A successful social and economic system is in the social distribution of wealth. However, the system that we tried to implement did not resolve that problem. The FSLN centralized and concentrated the economy, and then people lost initiative. The social instruments for the distribution of wealth were replaced by the state. It was not a normal, dynamic, or original process from below. Man must have creativity and should be allowed to participate in achieving economic goals. The state must not necessarily do everything. The state must be an economic agent accepted by all social sectors in order to prevent discontent and resistance to state plans from small producers in the rural areas and cities.

Learning Lessons From the Past

Our experience has shown us that trying to conduct a revolution to create social justice is complex because our countries are very poor. In the case of Nicaragua and its revolution, it was much harder because there was an embargo and an economic and commercial blockade during the conflict, as part of the overall war effort that was financed by the United States.

In reality we must assess the various phases of the revolution as forces that generated social laws so that history will not repeat itself. We must not start all over again, as in 1979. We must show that the years that have passed have not been in vain. Right now the FSLN is in a phase similar to 1979. We have gone back to the starting point, with national reconciliation and unity of all political forces. Everything we could have consolidated in 1979 must now be done from the opposition. We failed to do it then, but today we will try again. Why? To leave our economic backwardness. Our experience must be taken into consideration.

When I talk about economic challenges, I do not overlook past experience. All the economic and social sectors in the country must make a great effort to eliminate conflicts that generate violence because those conflicts would even affect the delivery of financial resources that we need to stop the economic deterioration and to lay the foundations for economic recovery. If we do not make this effort, we will enter the 21st century in a worse condition because we will not be able to recover what is left of this century. With \$320 million from exports a year we will not match the rest of Central American countries during this decade. Therefore we must accept the economic challenge and surpass it with hard work, discipline, productivity, and creativity.

The FSLN and its Trends Since 1979

The tertiary line [tercerismo] must be considered a pragmatic and more realistic trend, removed from all dogmas, within the framework of the revolutionary cause. Today the tertiary line begins to resurface following the elections. As I see it, the tertiary line, as a trend of the FSLN, was postponed—as with the economy—as a genuine project of the People's Sandinist Revolution. Many factors came into play. The socialist field is one of them. For example, we had a strategy to support us in the socialist field. Why? In order to develop another project apart from the one that helped us win. Actually, we allowed ourselves to be guided by the ideas of the Cubans and Soviets, perhaps because we wanted to be comfortable.

The alliance that the tertiary line promoted with the Nicaraguan bourgeoisie for accelerating the fall of Somoza was strategic in its concept, but it became a tactic when it rose to power. The anti-imperialist revolution meant seeking an alliance with the socialist countries and confronting the United States. In this context, it was impossible to maintain internally the alliance that the tertiary line had promoted because we think the local bourgeoisie was pro-imperialist. It was no longer possible to maintain the unity and the alliance that made possible the victory of the revolution. The tertiary line was an absolutely revolutionary idea that is valid. It is a Nicaraguan idea, but we were unable to consolidate that new contribution of the revolution.

We did not do so well in continuing with that line, because when Violeta Chamorro broke with us in the Government Junta, our analysis was more theoretical than pragmatic. In the same manner, when Robelo broke with us, the break was more clear. Then, the tertiary line did not act according to its origin, in unity and together to maintain that alliance and make it possible to have unity when confronting any situation. The tertiary line was lost in that international situation. However, the problem with the tertiary line is if it is going to be able to determine as such the new stage that we are going to enter. On the one hand, imperialism is alive. However, an anti-imperialist revolution has its own characteristics and one of them is affecting the economic and geopolitical interests of imperialism, which does affect the overall interests of the imperialist system, because the rest is rhetoric [sentence as published]. Two countries have confronted imperialism: Guatemala in 1954 and Cuba in 1959. I feel the economic challenge is in the Central Americanization, the bases for confronting imperialism. That does not mean burying imperialism, but if solvency and some economic independence is achieved, that is also revolutionary.

The Economic Challenge

In Nicaragua we must strengthen a well-designed mixed economy so that each sector will have an economic strategy and solve its social problems and so forth, but

not with the oversimplification of the bourgeoisie contradiction and the proletariat that will eliminate the mixed economy. That is one of the greatest mistakes of the revolutionary forces in Latin America. First we must take the country out of the crisis and then we will see. However, that will be another stage. What we need now is to maintain a mixed economy with political pluralism, strong democracy and—above all—a peaceful transfer of one government to another for the next elections. Elections play an important role within the economic changes and the correlation of forces.

That is the lesson. Electoral democracy has led the course of the economy in Western Europe, the United States, and some Asian countries, while the USSR, the socialist countries, and the underdeveloped nations moved away from that path. It is true that elections have taken place in Latin America but it is also true that they have been carried out with political, militarist, and anticommunist criteria. However, for the FSLN the elections could change the correlation of forces in favor of the revolution and the strategic project of workers as long as they are implemented in a growing economy.

A political revolutionary force in an underdeveloped country that submits itself to the election game and finds a strong economic infrastructure has the ability to change things. With the existing production levels, such a political revolutionary force can carry out a more equitable distribution of the wealth to benefit the workers of the revolutionary project. However, the electoral international processes are not a basic guarantee of a balanced economic regime. The idea that democracy plays a role in bringing about stability and economic development has been imposed on us. However, the experience of the revolutionary movement in Latin America demonstrates that this is not true. Military regimes and coup d'etats have been imposed on us, but the democracy that we despised over the past years can be used today by the revolutionary forces, if they are well directed.

All the nations of the Third World that have had revolutionary processes to gain power have immediately used war as an instrument to defend themselves. When the revolutionary forces take over the government, they reorganize the economy under a different model, which is projected toward an anti-capitalist structure. Therefore, the logic reaction of capitalism is to block these models and corner them.

Future and Revolution

The electoral defeat had a great impact on us and we were left with the stigma of the anti-imperialist, socialist, and ideological strategies. The stage we are now living has not been properly valued—the fact that we lost the elections within an international context does not mean that we have lost the continuity of what we can do. It will be difficult to continue the revolution from the opposition, if we do not learn to value the changes that have taken place at an international level, at a Latin American level, and the changes that have taken place in our country's government. Do we try and value with this new government whether one

can really have a revolution from the opposition or do we need to topple the government?

If this government takes certain economic and social measures and if these measures end up as part of the revolutionary process, the government is correct, because to my way of thinking everything new and positive from the economic point of view—a bank, an industry, a new agricultural product for export and economic transformation—is revolutionary, whoever heads the government. If a government obtains economic financing from any international or regional organization to bolster the private and state sector, the banking system, trade, it is revolutionary for the stage in which we are now living.

For some, to bolster private banking is counterrevolutionary, but to my way of thinking, any economic transformation is revolutionary for these countries.

Japan has transformed all economic science and techniques. That is revolutionary because you are then constantly renewing the economy. This has not happened in our countries because first came the struggle against the dictatorships and against militarism. In the past, we were not given an opportunity to participate in elections; now all that has changed. Military forces caused great economic disasters and set back Latin American countries. Military forces subjected us to a system that has cost us plenty to leave behind. It is the fault of all those governments that let themselves be swept up by all those anticommunist and antisocialist concepts. Now we must pay the consequences.

Problems can be more easily resolved within a new democracy. In a democracy the creativity that forms part of the freedom of men, the identification of men, is not lost. The Sandinist revolution has not lost the tradition as a revolution that emerged from a Latin American country.

Policemen in Matagalpa Strike Demanding Pay Hike

*PA0308163191 Mexico City NOTIMEX in Spanish
1528 GMT 3 Aug 91*

[Text] Managua, 3 Aug (NOTIMEX)—Police in Matagalpa, in the northern part of the country, have begun a strike to demand a wage increase, but top officials of the Government Ministry have threatened to punish strikers, it was reported today.

The policemen who suspended their activities yesterday received the support of police in two of the country's most important departments.

The strike coincided with the visit by Government Minister Carlos Hurtado to Matagalpa, 130 km north of Managua, to analyze the problem of the recontras who have stepped up their activities in this region.

The policemen's wages range from \$40 to \$100 a month. In addition, the policemen receive bags of food, which at times arrive months behind schedule.

This is the first demonstration of discontent in the 12-year-old police corps since the Violeta Chamorro government was installed.

Temporarily Lift Strike

*PA0408160291 Managua Radio Sandino in Spanish
1300 GMT 4 Aug 91*

[Summary from poor reception] "Upon receiving a proposal presented by Government Minister Carlos Hurtado to seek a solution to the issues that were raised by the National Police in Matagalpa, the policemen have decided "to temporarily call off the strike. The strike, which threatened to spread to other regions of the country, may be averted by Minister Hurtado today when he meets with police commanders, chiefs, and officers."

In a written statement, however, the policemen "made it clear that if they do not receive any answers from Minister Hurtado, they will again resume the strike on 5 August."

Panama

Government Officials, Media Debate U.S. Bases

Officials Comment

*PA0308035391 Panama City Circuito RPC
Television in Spanish 2300 GMT 2 Aug 91*

[Text] About two weeks ago a delegation of Panamanian parliamentarians, headed by Legislative Assembly President Alonso Fernandez, traveled to the United States. They were invited by that country's government to visit certain canals and ports in various parts of the United States.

Upon leaving Panama, Molirena [Nationalist Liberal Republican Movement] Legislator Leo Gonzalez said that he was going to the United States to hold talks with various sectors of the government to ask them to, in one way or another, apply pressure on President Endara to negotiate the permanence of U.S. military bases in our country. Legislator Gonzalez' position was harshly criticized days later by various figures of the government, including the republic's president and foreign minister:

[Begin recording] [Foreign Minister Julio Linares] No military bases will be negotiated during this administration.

[Endara] Guillermo Endara Galimany will not renegotiate or sit down at any table to renegotiate an extension of the operation of the canal or bases by the United States. [end recording]

As part of our journalistic efforts, we spoke on the telephone with Legislator Leo Gonzalez from Washington this morning. He reiterated the aforementioned position:

[Begin recording] [Gonzalez] I believe that President Endara and Foreign Minister Linares are making a mistake by not listening to the views of the Panamanian people. I had been following polls before leaving Panama and I understand that more polls were conducted in the

past few days indicating that the Panamanian people want the military bases to remain. They want decisions to be made right now instead of waiting for a new administration in 1994, because that is unrealistic.

I think President Endara should realize that he was elected by the Panamanian people to do what the Panamanian people want, not to fulfill the wishes of Guillermo Endara Galimany, but to fulfill the wishes of the Panamanian people. If he does not believe in polls we should, as I have said on several occasions, hold a plebiscite to allow the Panamanian people to decide, by popular will, what they want to do with the military bases.

[Deputy Foreign Minister Jose Raul Mulino] As my good friend Leo Gonzalez has reiterated his position, I reiterate our position: He has no authority to do what he is doing on behalf of the national government. Foreign relations are conducted by the president of the republic along with the Foreign Relations Ministry. As far as I know, Mr. Leo Gonzalez has absolutely no authorization from the president to do what he is doing in the United States.

[Molirena Legislator Olimpo Saez] The challenge of the Endara administration is to organize our takeover of the Panama Canal by creating a strong enough authority to organize that reversion and transform military and reverted areas along the canal banks into an emporium of wealth for the benefit of the Panamanian people. The goal is to ensure that they will generate as many jobs as the military areas now do and that they will give us as many resources as the soldiers are now giving us in the canal area. [end recording]

Businessman Urges Plan

PA0408210791 Panama City LA PRENSA
in Spanish 4 Aug 91 p 1A

[Report by Manuel Alvarez Cedeno]

[Text] The reversion to Panama of canal zone assets estimated at \$35 billion "represents a big opportunity for the country. If the appropriate decisions are not made, however, it will be a big disaster," business leader Vicente Pascual has stated.

There have been arguments over the past week as to what should be done with the reverted lands in the canal area and with those that will revert in the year 2000 in fulfillment of the Torrijos-Carter Treaties.

For Pascual "there has been an absence of planning on what is going to be done with the reverted lands, and that is quite serious because these lands, plus those of military sites that will revert in the year 2000, represent a big asset that many economists have estimated at \$35 billion."

The businessman said that educational centers and light industry could be installed in those areas. "We are speaking of processing zones. We can invite people from the east to come and see the available installations, which could be granted at an opportune moment," he added.

Pascual said that Panamanians have been waiting for the year 2000 for a long time, which is why there should be specific plans on what is going to be done with the canal and other assets that revert to Panama.

He said that "in Panama the structural problem of unemployment can be solved. All of those assets, which many other countries would like to have, can permit the execution of very interesting production plans, especially for light industry on each one of the bases, because there are hangars, warehouses, and buildings that can be used for homes."

According to statistics, there are some 150,000 unemployed persons in Panama. This figure may increase as a result of the economic crisis the country is experiencing.

Pascual said that an inventory should be made of canal zone areas to find uses for them and to promote them to diverse countries that could become our clients.

Pascual said that unless planning is carried out in the interests of the country, Panama will face serious difficulties. In many moments of our history Panama has suffered strong depressions, he said.

"When significant decisions have to be made, one must set aside party interests and place Panama's interests foremost," he added.

Renegotiating Options Viewed

PA0308201091 Panama City LA ESTRELLA DE
PANAMA in Spanish 3 Aug 91 p A4

[Article by Dr. Juan Cristobal Zuniga: "Time Is Running Out"]

[Text] I hope that no Panamanian legislator would want to gratuitously relinquish to the United States the military bases within Panamanian territory beyond 31 December 1999. I also believe that, no matter how much they may need their jobs, Panamanian workers at the military installations cannot support a gratuitous concession to the United States beyond the year 2000. However, some legislators and employees are acting in a naive or thoughtless manner, which could adversely affect our national interests.

If Panama today sits down at the bargaining table with the United States, the Americans would do it knowing that:

1. There are Panamanian legislators who are desperately trying to extend the permanence of U.S. bases.
2. There are Panamanian workers who are erroneously demanding such an extension, because they consider it a guarantee of job stability on the bases.
3. There is public opinion which, according to the published polls, supports the U.S. presence in Panama beyond the year 2000.

4. They are aware that Panama currently does not have an economic alternative that will replace the effects of the bases on the Panamanian economy.

Consequently, the United States would now impose the following conditions at the bargaining table:

1. They would determine the number of bases that interest them, which would be occupied by a reduced number of troops as a result of the base reduction policy of the United States.

2. They would establish how long they will be there.

3. They would determine the sum that they would pay Panama, if they decide to pay anything.

4. They would not guarantee the employment of the Panamanian workers.

If all Panamanians create a strategy with regard to this matter, we would be successful. Conversely, if we fail to do so, national interests would be damaged. Such a strategy must include, among others, the following aspects:

1. We must make the workers at the bases understand that the current labor reduction does not have anything to do with the pullout scheduled for 31 December 1999. We must also persuade them to stop pressuring the government to renegotiate the military bases without reason.

2. We must request that Panamanian legislators who are eager to achieve the permanence of U.S. military installations calm down and act with good judgment or at least with business sense, if what interests them is for the country to obtain the economic benefits of the U.S. military presence.

3. We must make the public understand that we would only obtain benefits for all Panamanians in a negotiating process if we manage to assume a firm and decisive position, not a subservient and disinterested one.

4. It is most important that as part of this strategy we prepare and develop, within five years, economic alternatives that will permit us to minimize the economic effect of the closing of the military bases. If the economic alternatives turn out to be good, then we would have the option of sitting down at the bargaining table with a strong position, which would allow us to set our own conditions to the United States. We would also have the option of rejecting the negotiation of the military bases altogether, because they would not be vital to our economy.

This last option would be ideal because it would turn our country into a zone of peace and progress, without foreign enclaves—a desire all Panamanians must have in the 21st century.

Meanwhile, we must work together to create economic alternatives. Time is running out. Let us get to work.

Endara Interviewed on Unity, Canal's Future

PA0408001791 Panama City Telemetro Television
Network in Spanish 1730 GMT 3 Aug 91

[Interview with President Guillermo Endara by Lucy Molinar during the "Loud and Clear" program, in Panama City, date not given—recorded]

[Text] [Molinar] We are here visiting President Guillermo Endara. Thank you for welcoming us again.

[Endara] My thanks to you for considering my remarks important.

[Molinar] They are very important, chiefly because one gets the impression that things are not moving along. Comptroller General Ruben Dario Carles said the ministers ought to be fired because they are not doing their jobs. Some people say we need a national government project to tell us where are we headed and what our priorities are. Which stance do you support?

[Endara] First, the remarks by Carles I heard referred to the previous ministers.

[Molinar] He was on my program and was referring to the current ministers.

[Endara] I do not know about that. I do think that the ministers, the whole cabinet, is doing a fine job. There were some changes we had to get used to, and we had to get all the ministries' employees used to. Keep in mind that we did not change all the employees. The majority of the employees are administrative staff; they are what is referred to as the state bureaucracy. We cannot change that. That bureaucratic staff was used to following orders from its bosses, not to following the law. We began by implementing a fiscal code and legal guidelines that had not been followed for many years.

[Molinar] Precisely. The guidelines are obsolete. The ministers are also complaining that they face too many obstacles to develop their programs. For example, it takes hundreds of days to request bids. It takes hundreds of days before anything can be done.

[Endara] We must find a way to expedite the process. I think that can be done. The times we have set out to request bids in a short time, we have done it. The law was obsolete because it was rusty from lack of use. The procedures to request bids were only used in cases of international loans, and lately those cases have become relatively rare. Requesting bids constitutes one of the healthiest administrative measures. The process takes time, although not as much as it is taking now, but nothing else can take its place. The state has to have this process of bids, or else all sort of abuses would be committed. If we say that bid taking paralyzes projects, then the alternative is to grant direct contracts and that is where bribe taking begins and the people become suspicious.

[Molinar] Bids are important, yes, but how many bids has the state opened? How many projects are paralyzed?

In the health field, we have four projects that are at a standstill: the vaccination, mother and infant care, adult health, and dental care programs. You see, I did my homework here. All these projects are at a standstill. We have problems in the hospitals because there are no bed sheets. Every patient who goes to the Social Security Hospital must bring his own syringe. We have a reserve of \$700 million. It is money that has been collected and not spent because the budget has not been implemented. So how can we account for the fact that nothing is being done to find ways to use that money?

[Endara] We are trying to find ways. I think the ministers that you interviewed showed you that they are trying to move and educate their employees to use a method of purchase that is both legal and expeditious. I think major progress has been made. Unfortunately, too much stress is placed on the negative aspects, which are the delays that have indeed taken place. I grant you that.

[Molinar] Vice President Ricardo Arias Calderon said a few minutes ago that we needed a commitment to overcome the bureaucratic obstacles at the Planning and Economic Policy and Finance and Treasury Ministries and the Comptroller General's Office. Do you think that commitment does not exist?

[Endara] I do not think so. I think he is totally wrong; we are committed. It so happens that we had been unable to get rid of past practices that violate legal rules. We now live under the rule of law. We must get the entire bureaucracy used to it. The commitment exists, but we must accustom our bureaucracy to adhering to the legal system.

[Molinar] A legal system. I will bring to your attention a very specific case. Many teachers are not being paid or their pay is behind schedule for many reasons. Comptroller General Carles has explained the reasons. Yet, some people have received over \$50,000 all at once and at a stunning speed. Does the legal system apply to a few or to everybody?

[Endara] To everybody. I do not know what case you are specifically referring to.

[Molinar] The payment made to Panama City Mayor Mayin Correa.

[Endara] I do not know the details, I had no part in that. What I know is what I read in the newspapers. I feel that the payment was correct, because it involved checks that had been issued already. Sometimes the problem is that an official orders a check to be issued. One cannot compare one thing with another.

[Molinar] I am not saying that the payment was not legal, but I am saying that paying rural teachers is also legal. It is legal to give them chalk and erasers for the classrooms that need basic teaching materials.

[Endara] That is right. You interviewed Education Minister Marco Alarcon, and he should have told you of the efforts he is making. I am aware of his efforts. He is working tirelessly to move the Education Ministry ahead.

[Molinar] I noticed the same effort in Public Works Minister Antonio Arias. When I went to his office I met a group of peasants who told me they did not want handouts; they wanted the materials to build a highway. There is no money to purchase equipment, yet we have \$700 million in reserve.

[Endara] I cannot tell you whether or not we have \$700 million. Those millions cannot be spent carelessly.

[Molinar] These are not careless expenditures but basic needs.

[Endara] These are basic needs but they must be included in the budget. Let me tell you again, we are adhering to the law. If a need arises right now, I cannot tell the comptroller or any official to make an expenditure, even if I am the president. That expenditure must be included in the budget, and if it is not, the law tells us what we must do. We have to obtain an extraordinary credit and that credit must be approved by the National Legislative Assembly. We are doing that. If the need to build a road arises, the public works minister cannot build, no matter how many visits he gets, unless he follows the laws and the appropriate legal parameters.

[Molinar] If this is what needs to be done, let us do it!

[Endara] That is what we are doing. We are constantly requesting special credits to undertake projects that we had forgotten. We think that when there is an excess of revenues over spending, the surplus must be devoted to projects. If you review all special credit requests, you will observe that there are several special credits destined for public works and the health sector, which were not included in this year's budget.

[Molinar] Let us talk about something else.

[Endara] Of course.

[Molinar] Let us talk about the state payroll. It has been said that the international financial institutions have requested a reduction of the state payroll. Perhaps you would argue that this is a need that was mentioned long ago. However, many people have been hired at several ministries. Six hundred people have been hired at the Public Works Ministry since the new minister took over....

[Endara, interrupting] That is right, but it turns out that the Public Works Ministry is a particular case. Just before the cabinet changes were made, there was a total reorganization at the Public Works Ministry. If I am not mistaken, late last year or early this year, large numbers of people who were not supposed to be working for that organization were fired. There were many vacancies—approximately 400—that needed to be filled.

[Molinar, interrupting] Approximately 500 vacancies.

[Endara] I think there were less than that. Anyway, that is beside the point. However, these were the policies being implemented at the Public Works Ministry. I am not aware of the details, but I can tell you that this was

the case because I had the opportunity to talk and review the ministry's reorganization with the previous and current ministers.

[Molinar] Did this reorganization involve hiring new personnel based on political, rather than professional, criteria, as was said by many people?

[Endara] What kind of political appointments?

[Molinar] People with ties to your party were hired.

[Endara] That is not necessarily true. People from all parties, and some independents, were hired. You cannot say that all appointees were members of our party. As proof that we, the Arnulfists, have not acted based on political criteria you see the great discontent among the Arnulfists. The Arnulfists insist that they are not being appointed to government positions and I believe that many of them are right. Many of them are right. Why? Because our ministers are accustomed to acting responsibly. If they pay attention to political considerations, that is not predominant. What is really important is the public welfare.

[Molinar] Mr. President, I invite you to pause here and come back after a station break.

[Endara] Very well.

[Molinar] We continue with Mr. President. The reason for my visit is that I am worried by something. There are many basic needs regarding health, education, public works, and all social aspects. In the fields, we cannot accept that harvests are being lost because there are no roads to transport them to the city, schools have no roofs, hospitals do not have basic equipment to give the people good attention, and there are hospitals that simply have no doctors.

How will the money that is being kept be used to benefit the community and what will we do so that, in the future, the bureaucratic steps are reduced? We have already seen formulas for that.

[Endara] I must tell you that I agree very much with your worries. Precisely because those basic needs of the Panamanian citizenry do exist, I do not agree with the 13th month bonus for example. There were groups—specifically a prestigious party—that believed that the money had to be used to pay the 13th month bonus. I said, the 13th month bonus is a very important and interesting affair for public employees and I do not subtract importance from that, but there are all these other needs that have to be covered.

That is why, as you can see, instead of accepting it we had to veto the 13th month bonus and instead we proposed a number of special credits to the Legislative Branch so that money is used for important works like the ones you mentioned: health, education, necessary works like roads, and the people's basic needs. That is why we have been using this money in special credits.

We have, in fact, reached a point in which we must think over the special credits because we are running out of ...

[Molinar, interrupting] No, no. I can tell you the funds are not running out yet because you still have more or less \$500 million.

[Endara] No, no. That is not true. That is not true. [repeats himself] Maybe, \$500 million that we have gathered...

[Molinar, interrupting] Yes. That very same.

[Endara] But it has already been allotted; that money has already been allotted to formal projects included in the budget that are already underway and those funds will probably be used before year's end.

[Molinar] I will follow up on this. I am very interested in how those resources will be used.

Let us talk a little bit about the future. We have a challenge ahead of us. The administration of the canal, that is. A few minutes ago the president of the Christian Democratic Party [PDC] said he was willing to create national unity to search for how to implement this program in a harmonic way and in accordance with national interests. He is willing to sit down with you to do this. Are you willing to do that?

[Endara] Of course. I accept the proposal made by the president of the PDC without any restrictions. I believe he has the correct idea. Regarding the canal, Panamanians must sing in unison, without any differences. We must reach an agreement. Panama is united by its canal and I believe that, no matter how many other differences we may have because of other concepts, there should be no disagreement because of the canal.

I must tell you that I have been working hard on matters having to do with our future, on the canal areas that have been returned to Panama and on those that will be returned between now and the year 2000. I have appointed an ad hoc commission that unfortunately has not been given much attention by the media.

[Molinar, interrupting] Don't start blaming us for the nation's problems because if you do I will adopt a defensive stance.

[Endara] [Laughs] Very well: the commission is not well known. The commission has been working hard. It has proposed the creation of a presidential directorate, under the president, at the presidency level, to be headed by a commission in which all the important sectors of Panama should be represented.

As I see it, and according to the proposal the ad hoc commission has presented to me, political parties and important social groups from the labor, management, and economic sectors—all the sectors that are really interested in Panama's future and in its development—should be represented...

[Molinar, interrupting] Viewing this in terms of what the representative of the last-minute opposition, let us call it that, has said, do you think you two could reach a rapprochement to secure those goals?

[Endara] As far as I am concerned, I have no objection to a rapprochement with Ricardo Arias Calderon. When he was at his most critical, I told him that he still had my friendship. He, however, has remained distant. I respect his position because he has the right...

[Molinar] To dissent.

[Endara] ...to dissent. Not only have I remained his friend, from the very beginning I told him that, according to the Constitution, he is entitled to participate in all cabinet meetings. I have to say that no cabinet meeting has been held without us saving a seat for him. The vice presidential seat, to which he is entitled on the basis of the Constitution, is there waiting for him. The day he decides to occupy that seat, he has every right to do so, not because I want it that way or because I am good, but because that is what the Constitution says and that is how it has to be.

[Molinar] Mr. President, let us see if that rapprochement occurs some time this week so that there may be rapprochement in other areas, so that the embarrassing altercations in which some government officials and members of the oppositions have engaged may cease. What do you think?

[Endara] I agree. I think the issue that unifies all Panamanians—the canal and the canal area—is an ideal issue for promoting national dialogue.

[Molinar] That national dialogue has to be above political interests and whims. There is the impression that in recent days some government officials have been changed as a result of political whims. Don't you agree, Mr. President?

[Endara] I have not noticed that. You are exceptionally perceptive.

[Molinar] I am concerned with the vacation that the deputy mayor of Panama City has been granted because...

[Endara, interrupting] The deputy mayor is on vacation because he and the mayor have different personalities. The deputy mayor and the mayor cannot work together because of their personalities. In my opinion, the deputy mayor is an excellent person, an excellent official, but unfortunately his personality is not compatible with that of the mayor and they cannot work together. They have completely different personalities. I have spoken with the deputy mayor and I asked him to take his vacation. This will give us a month. I do not want to lose the talented deputy mayor. I want the national government to find him a high government post, which he deserves. I am sure that within a month we will find a solution.

[Molinar] I thank you, Mr. President, for having received us. Let us hope, for the sake of the Panamanian

people who in many ways have expressed their needs, that the state modernization that some have mentioned will occur. We say modernization in the sense that money no longer be stored up and that the comptroller general no longer squirrel away funds, something he does, according to some members of the opposition.

[Endara] [chuckles] That is not true. I think that there is a wrong idea about the comptroller. He is a conservative man in finance matters. This is very suitable for these times. Panama needed a comptroller like Mr. Carles. Otherwise there would have been much abuse.

[Molinar] Yes, yes, without a doubt. I will ask my question or make my suggestion in a different way. Let us hope that all the ministers will speed up their work. The problem is the ministers, so let us have the ministers speed up their work.

[Endara] I agree.

[Molinar] Thank you for having received us.

[Endara] Thank you, Lucy.

Arias Comments on Government, Budget, Canal

PA0408034591 Panama City Telemetro Television Network in Spanish 1730 GMT 3 Aug 91

[Interview with Second Vice President Ricardo Arias Calderon by Lucy Molinar during the "Loud and Clear" program, in Panama City, date not given—recorded]

[Text] [Molinar] Mr. Arias, it seems that things have not changed much. The new cabinet has not given the community the answers it was expecting. Where are the problems?

[Arias] I believe the main problem is the execution of the budget; by this I mean public spending for all social needs and the investments the Panamanian Government must make. The execution of the budget has been obstructed. It will continue to be obstructed, even if the ministers are changed. The problem is not the competence of the ministers, as some have said.

Let me tell you where I believe the main problem is. The budget execution is subject to incredible bureaucratic procedures and to a centralized bureaucracy that keeps those procedures in place. It wastes people's time, the public servant's energy, and it foils the government's efforts and causes frustration in the people who cannot solve their problems. Let me give you some examples, Lucy.

This year's budget was approved before 31 December 1990. One might think that we were able to use the investment funds as of 1 January. Well, this was not so. We had to wait for a month and a half until the MIPPE [Ministry of Planning and Economic Policy] assigned the quarterly disbursements. Not until February did the MIPPE finish this step, so we lost a month and a half. What is more serious is that every time a public expenditure is made—goods and services must be purchased—certain procedures must be followed. If, for example, the

expenditure is for less than \$50,000, then a quote must be presented. If the expenditure is between \$50,000 and \$150,000, then a price contest must be called. A public bidding is held for expenditures greater than \$150,000. You will not believe the number of steps and the time each procedure involves.

[Molinar] But, Mr. Arias, when the community's interests are at stake cannot things move more quickly? Is it that the government lacks a future priority plan where it can hurry those urgent issues, while what is not urgent...[pauses] Is it that we do not have a plan for how to build the country as we wish at this time?

[Arias] To overcome the excessive bureaucratic red tape and the waste of time and energy, we need the political will to do so. The execution of the budget, according to the budget law itself, is the responsibility of the MIPPE, the Ministry of Finance and Treasury, and the Comptroller's Office. Officials from these three agencies studied the procedures I have just mentioned. To hold a price contest there are 59 bureaucratic steps that take 110 days. That is almost three months. A total of 282 days is required to hold a public bid. That is nine months and then some.

[Molinar] Why did the Christian Democratic Party [PDC] not fight this, to end it, when you were part of the government?

[Arias] We discovered this fact while we were in the government. Our fight began then to attain a more complete and expeditious budget execution. You know where that fight led us. The problem is not only one of identifying the problems. The problem is to try and find solutions. For me, the key word to finding solutions is modernization of the Panamanian state. Too much is said about modernizing the Panamanian economy and about the changes needed to do this. Little is being done, however, to modernize the Panamanian state and the Panamanian Government.

This modernization requires several steps: it requires the procedures' simplification. For example, the Fiscal Code should be modified; it was adopted and approved when fax machines did not exist, when there were no computers or even television. All of this, however, requires significant amounts of information to be consolidated; a general financial information system has to be implemented. This system has to be put at the disposal of all government employees so all these employees can have access to the information and use it expeditiously.

This also requires the decentralization of decision making. Why, for example, is there only one person in charge of all the counter signatures required from the Comptroller General's Office? That one person is the top officer himself, instead of having other ranking officials countersign lesser amounts. A modernization program requires a great deal of effort and it cannot be put off, however, the political will to implement it has been lacking. This program requires, for example, a change in attitude on the part of the persons responsible for the

countersignatures and authorizations, from these three basic institutions; MIPPE, Comptroller General's Office, and the Ministry of Finance and Treasury.

What is meant by this change of attitude? If the official in charge starts off with the idea that he is the only one who knows anything and that the rest are incompetent or ignorant, that he is the only one who is honest and that all the rest might be swindlers, then the relationship turns into rejection, confrontation, and the process is totally paralyzed. If, on the contrary, the official's attitude is, for example, that a person who does not know can learn, and that people act in good faith until the contrary is proven, then there can be cooperation among the officials of this institution and the ministries. There can be cooperation among them, mutual assistance to meet the requirements as soon as possible, instead of rejecting forms because something is missing.

Why not, for example, organize work teams from the Comptroller General's Office, from the Ministry of Finance and Treasury, and the MIPPE? Subsequently, if one ministry is having difficulty at some level, send this work team to help that ministry prepare the documentation required, help them to learn more about the form filling procedures, help them to expedite the formalities. All of the above, however, requires a change in attitude. It also requires much more than a change in attitude; it requires a commitment to the community. Because, if things get bogged down in the government, the people, and particularly those who have the least—the destitute—will not find solutions to their problems.

[Molinar] Looking to the future and from where we are right now, once you went over to opposition status, a more productive opposition was expected. We have seen discussions we do not even want to remember. Why get involved and trapped into these types of discussions instead of making more valuable contributions, for example: specific projects on the Panama canal's future; how to solve the health problem, the education problem, etc., particularly when the PDC has people with experience.

[Arias] I think we have obtained something very important through our democratic opposition. We have been able to draw the attention to the main tool that the Panamanian Government has to start solving the nation's problems; that tool is the budget. Previously, the budget did not get the attention it gets now, although it continues to be bogged down. The current ministers acknowledge this, implicitly, just like we, the former ministers, asserted in the past. Moreover, we are also bringing up other issues that are essential to the nation's future. A mere week and a half ago, during the PDC's National Directorate, I proposed the issue of national unity to start the process of preparing ourselves as a nation for the canal's complete administration. There are enormous tasks to be undertaken with regard to the canal's future administration. I will point some out to you. For example, we Panamanians have to design the institution that will administer the canal, because the current institution, the Panama Canal Commission, is

under U.S. jurisdiction. We have to design a Panamanian institution. We must decide what aspects of the canal's administration are going to be managed by the state and what other aspects can be privatized. This institution has to be designed, we have done absolutely nothing about this. This issue should be focused on from a national unity point of view. There is another thing that is very important....

[Molinar, interrupting] Excuse me, you have said national unity, are you willing to meet with President Endara and form a team to study this?

[Arias] The PDC has said it clearly: It is prepared to have the canal issue backed by the unity of the country's main political and civic forces and to meet with anyone so that the Panamanians may together face the challenge of getting ready to manage the canal.

Our other differences are very serious and they may continue to exist and we may argue over them, sometimes intensively. However, we must seek unity on the canal issue.

There is another very important task. The most important factor in the canal's future is the people who are now working for the canal commission and who eventually will work for the institution that we Panamanians will create to administer the canal.

We have to establish a civil service career and a wage scale for the Panamanians who will work for the canal. We have to give them job security and efficient and effective guidelines because those people are the main resource for a well-managed canal. We still do not have a civil service career for public employees in general. At the latest legislative session the PDC people made a proposal that did not receive the acceptance we expected. We hope that at the next session, when we introduce it again, it will meet with more acceptance. It is necessary to have a specific civil service career for the Panamanians who will work in the canal. Look at all the many important things we have to do with regard to the canal. We have only eight years and six months to do all this. There is no more time.

There are other tasks. This is not the end of the work that we Panamanians have to do. Everything indicates that the canal will continue being a lake water channel, at least for the foreseeable future.

The hydrographic basin of Panama that produces the water the canal needs is in danger because from 2,000 to 3,000 hectares of forest are lost annually. We have to implement a major plan aimed at safeguarding the hydrographic basin. Not much time is left for this. We have to do other things regarding the canal. We have to draft a canal protection policy. I am sure that we do not need military bodies to defend the canal, but we do need a modern and professional police force. We must continue forging it.

[Molinar] Regarding that professional and modern police force, one of the persons first appointed to an executive position in the police force resigned after claiming that former military men do not accept demilitarization. Is that true?

[Arias] The resignation of Mr. Virgilio Ramirez has been a source of concern for me. He was the first civilian I appointed to the police force. He represented the beginning of the transformation of the police force directorship. He was a man with much experience as a purchasing officer. He had police knowledge also and it is known he was civic minded. I must say that during the nine months he served in the police force, while I was government minister, we had a very positive relationship. I think he did a wonderful job. Later, other civilians joined the police force to strengthen it. I am worried by the fact that only three months after the ministry changes were made, he feels that he cannot work there. He is a valuable man. His resignation is a worrisome sign.

I read his letter carefully. I think it merits the government's attention. He says it is necessary for the entire government to implement a policy aimed at demilitarization. He proposes that the organizations that should provide logistic and financial support should not obstruct, but contribute to, police work.

[Molinar] Then the problem is not that the police force does not accept demilitarization?

[Arias] After reading his letter carefully, I conclude that he believes that the demilitarization process must go on. Apparently he is saying that at this moment, this process is lagging. This is how I interpret his letter.

[Molinar] Thank you for speaking with us, Don Ricardo.

BCCI Officials Said 'Negotiating' for Documents

PA0308174291 Panama City EL SIGLO in Spanish
3 Aug 91 p 24

[Article by Aneldo Arosemena]

[Text] Officials at the branch of the Bank of Credit and Commerce International (BCCI) in the Colon Free Zone are allegedly negotiating with documents of that banking institution, which implicate businessmen from the Colon Free Zone in illicit drug money laundering operations.

A legal source at the Colon Free Zone has told EL SIGLO that a high-ranking BCCI official is allegedly negotiating with documents of that closed institution with people who carried out transactions with the BCCI, which, according to Panamanian law, could be considered illegal. Among those interested, the documents are being priced from \$10,000 to \$30,000.

Meanwhile, a high-ranking official at the Narcotics Secretariat of the Attorney General's Office has told EL SIGLO that he did not know anything about the alleged

illicit operation. He added that, in any case, if the crime existed, it should be investigated by the National Banking Commission [CNB] because the Narcotics Secretariat is only responsible for freezing the bank accounts of individuals involved in drug trafficking.

EL SIGLO has learned that the BCCI has frozen approximately 52 bank accounts totalling about \$13 million. As a result of the bank's closing, these accounts will be placed directly under the administration of the Attorney General's Office and the funds will not be subject to liquidation. If the CBN orders the liquidation of the bank, 60 days after its closing these accounts become part of the illicit operations that resulted in the indictment of civilians and military

associates of the deposed regime of Manuel Antonio Noriega. [sentence as published]

Meanwhile, the same source at the CBN stated that in the case of the Interoceanico Bank (Interbanco), \$10 million that was deposited in the bank belonging to late Colombian drug kingpin Gonzalo Rodriguez Gacha will be transferred to the National Treasury. Rodriguez Gacha held in Interbanco assets in the form of credits and properties.

The source claimed that during the liquidation of Interbanco, Panamanian depositors will get their money back first, followed by foreign citizens. However, the source concluded, the money belonging to drug trafficker Rodriguez Gacha will be transferred to the National Treasury.

Argentina

Chile's President Ends Visit; Departs

PY0308174691 Buenos Aires TELAM in Spanish
1700 GMT 3 Aug 91

[Text] Buenos Aires, 3 Aug (Telam)—Chilean President Patricio Aylwin returned to his country today at 1510 GMT after an official visit to Argentina. During his stay, he signed a border agreement that resolves 23 border disputes and establishes that the Laguna del Desierto dispute will be submitted to an arbitration court.

President Menem bid farewell to the visiting Chilean president in the military sector of the Jorge Newbery Buenos Aires Metropolitan Airport. Aylwin left for Chile aboard a Chilean Air Force Lear jet.

An honor guard of Air Force Military Police, Marines, and a Patricios Regiment Battalion escorted the two presidents to the plane.

Also present at the airport were Foreign Minister Guido Di Tella, Defense Minister Erman Gonzalez, Economy Minister Domingo Cavallo, Ombudsman Gustavo Beliz, Buenos Aires Mayor Carlos Grosso, and Argentine Armed Forces representatives.

After the Chilean Air Force jet's departure, President Menem left for the Olivos presidential residence without making any statements.

Before leaving the military sector of the metropolitan airport, Foreign Minister Guido Di Tella said today that Argentina and Chile "will never again" have border disputes. He added: "Both countries will develop friendly ties in a normal and natural manner."

Menem To Veto Bill on Privileged Pensions

PY0408205291 Buenos Aires BUENOS AIRES
HERALD in English 4 Aug 91 p 11

[Excerpts] President Carlos Menem during a cabinet meeting yesterday said that he will veto the congressional bill to eliminate privileged pensions and Justice Minister Leon Arslanian said that his ministry is studying selling the Villa Devoto and Caseros prisons and buying another compound near Ezeiza Airport.

The president will veto only the clauses which suspend the payment of privileged pensions to the Armed Forces and special security personnel, Senator Eduardo Menem said. The Senate approved on Thursday to suspend all privileged payments. [passage omitted]

During the meeting, the President admitted that he would meet former President Raul Alfonsin, if the meeting included political leaders from other parties with the same political weight.

Menem said that there is good will on the part of the Radical Party to participate in the democratic system although there is bitter rivalry between the Justicialist and Radical parties.

The participation of other political parties is essential because "we want to meet in a democratic environment," Menem said.

On the economic front, the government does not plan to increase the gasoline tax and the Value Added Tax (VAT) for consumer goods will remain at 16 percent.

"There is no chance that the VAT tax will be raised, not only because the economy minister said so but also because the president said so," Menem said.

"I asked Minister (Domingo) Cavallo not to raise taxes, even if congress grants him permission," the President said.

Minister Signs Bill Privatizing Provincial Bank

PY0308005091 Buenos Aires BUENOS AIRES
HERALD in English 2 Aug 91 p 5

[From the "Business World" column]

[Text] (NA)—Economy Minister Domingo Cavallo and Corrientes Governor Ricardo Leconte signed the bill privatizing the Bank of Corrientes at the Economy Ministry yesterday. The privatized financial institution will no longer assist the provincial treasury, Cavallo said. The decision adopted by the executive and legislative branches of Corrientes Province "is completely compatible with national economic policy," he added.

Defense Minister Reasserts Armed Forces Unity

PY0308213491 Buenos Aires TELAM in Spanish
1717 GMT 3 Aug 91

[Text] Buenos Aires, 3 Aug (TELAM)—Defense Minister Antonio Erman Gonzalez said today that "there is unity within the Armed Forces." He added that the text of an Army radiogram, which was illegally disseminated and which disapproves the agreements [on border disputes] with Chile, "does not change the Army's position on the issue."

Gonzalez and other cabinet members went to the metropolitan airport today to bid farewell to Chilean President Patricio Aylwin.

Gonzalez said: "General Bonnet will give me a full briefing on this issue on 5 August." The defense minister added that the radiogram expresses "the opinion of some former Armed Forces members," and he noted that it may involve "retired officers."

After stating that the radiogram "has had no impact on the Army," he said: "The Army is completely subordinated to the executive branch." Gonzalez said he believes "this action is a breach of discipline," and noted that "we have been able to obtain a copy of the radiogram, which has no letterhead."

Radiogram Disavowed

PY0308212091 Buenos Aires TELAM in Spanish
1258 GMT 3 Aug 91

[Text] Buenos Aires, 3 Aug (TELAM)—Defense Minister Erman Gonzalez has said that Army Chief of Staff Martin Bonnet is personally investigating the origin of a radiogram on the Argentine-Chilean border dispute that was sent to military units in the country's interior. Gonzalez explained: "Bonnet is personally in charge of the investigation because everything that happens in the Army directly affects him."

Gonzalez added that the radiogram, which was sent without previous authorization, "makes a subjective review of the historical background of Argentine-Chilean border disputes. This is why it constitutes a breach of discipline, because it is not within the competence of the Armed Forces to discuss border disputes with Chile. This is the responsibility of the government and Congress."

Asked about a U.S. senator's charges on the existence of Argentine Air Force documents for the sale of 22 Mirage jets at the Miami branch of the Bank of Credit and Commerce International, Gonzalez said: "Based on the information I have available, such a transaction never took place."

He said: "When I took charge of this ministry, I did not look into every single operation carried out by the Air Force. But, as has already been stated by former Defense Minister Alconada Sempe, the sale of these planes was never reported."

Answering Radio Mitre about alleged U.S. pressure on the Argentine Air Force, Gonzalez said: "There are some indicators that lead people to believe this, but during my recent trip I asked several organizations about this and all of them answered in the negative."

Congress Passes 'Far-Reaching' Tax Bill

PY0308005491 Buenos Aires BUENOS AIRES
HERALD in English 2 Aug 91 p 1

[Text] (DYN-NA)—The tax bill rerouting revenues for the 300,000-austral increase for pensioners and retired workers was passed into law by the Lower House of Congress yesterday.

But the chamber excluded a whole article from the bill for the automatic closure of shops evading the 16 percent VAT [value-added tax], an article which had been worked into it during difficult negotiations with Justicialist senators by Economy Minister Domingo Cavallo.

The far-reaching tax bill reroutes the five percent FONAVI [National Housing Fund] tax on wages to pensioners' schemes and the fuels tax for pensioners to the FONAVI housing fund. There was some debate whether the bill was legally binding, because the removal of an article introduced by the Senate implies the bill should be sent back to the Upper House for approval.

The bill contains a new "luxury tax" on yachts, private airplanes and expensive homes and it allows the Executive Branch to raise the VAT tax from 16 to 18 percent at anytime.

But Cavallo quickly called a press conference yesterday denying the tax would be immediately raised. He said the government hopes to be able to use 11 percent of VAT revenue for pension funds without affecting state accounts. He even suggested the VAT rate could be lowered at some future date.

Cavallo also said he expected the cost of living increase for July to be two percent.

Bolivia**Uruguayan President Arrives for Official Visit**

PY0508001091 Madrid EFE in Spanish 2230 GMT
4 Aug 91

[Excerpt] La Paz, 4 Aug (EFE)—Uruguayan President Luis Alberto Lacalle started a three-day official visit to Bolivia here today, invited by his Bolivian counterpart, Jaime Paz Zamora.

Lacalle arrived from Montevideo at 2148 GMT at El Alto International Airport, which is 4,000 meters above sea level, on a special flight by Lloyd Bolivian Airlines. El Alto Airport is located on the outskirts of La Paz.

Paz Zamora, all the Bolivian ministers, and political and military officials welcomed the Uruguayan president, who is making his first visit to Bolivia.

Lacalle's entourage consists of more than 100 people, including businessmen. During this visit, the two presidents will discuss the future of bilateral and regional integration. [passage omitted]

Fire Department Finds Bomb in Congress Building

PY0308031291 La Paz Television Boliviana
Network in Spanish 0200 GMT 3 Aug 91

[Text] A bomb was found in the Congress building; this was confirmed by experts from the Fire Department. The Senate and the Chamber of Deputies had to take a brief recess.

Top Drug Trafficker Reportedly To Surrender

PY0208192491 Madrid EFE in Spanish 1824 GMT
2 Aug 91

[Text] La Paz, 2 Aug (EFE)—Alleged Bolivian drug-trafficking leader Oscar Roca Vazquez today announced his decision to surrender to the Bolivian police in light of the decree issued by the government stating that the "bosses" who appear before the court within 120 days will not be extradited to the United States.

In a letter addressed to the Ministries of Interior and Foreign Relations, Roca says: "I have decided to surrender to the appropriate authority as soon as I gather all the necessary documents to face my trial."

In his letter, published today by the La Paz morning papers LA RAZON and EL DIARIO, Roca expresses his decision to serve the sentence ordered by Bolivian judges if he is "found guilty of any crime."

Roca said: "I have decided to voluntarily surrender to clarify the frequent reports published in the national press in which I am identified as one of Bolivia's top drug-trafficking leaders, without respecting my right as a citizen to be judged to see whether I can really be called a drug trafficker. This situation tarnishes my honor and that of my family."

Roca's announcement follows those made last month by alleged drug traffickers Jorge Flores Moises and Winston Rodriguez. None of them have yet surrendered to police.

On 20 July the Bolivian Government issued a decree establishing a term of 120 days for drug-trafficking "bosses" to surrender to the police in exchange for the guarantee that they will not be extradited to the United States.

Erwin Guzman, regarded by the DEA as Bolivia's No. 1 drug trafficker, is the only alleged top drug trafficker who has surrendered to police.

Last month the U.S. Government requested the extradition of 14 alleged Bolivian drug traffickers engaged in the production and trafficking of cocaine, but the Bolivian Government has "frozen" those requests on the grounds that it is expecting the drug traffickers, whose identities have not been disclosed, to surrender to police.

Roca was a famous folk singer in the 1970's. He was born in the northern village of Santa Ana, where late in July the largest antidrug operation ever in Bolivia was carried out. Bolivia is the world's No. 2 producer of cocaine.

During the operation known as "Safe Shelter," the antidrug police force, which raided Roca's house, pointed out that on that occasion they broke up the "rear guard" of the most important gang engaged in the production and trafficking of cocaine in Bolivia.

Landmarkers on Chilean Border Said Untouched

PY0208153891 La Paz Television Boliviana
Network in Spanish 0200 GMT 2 Aug 91

[Text] After studying various reports on landmarks Nos. 48 and 49 and the intermediate secondary landmarks on the Chilean border, it has been established that they have not been removed. This report is based on the following data:

1. According to a report by the 2d Andean [Army] Division of Oruro, dated 9 July 1991, landmark No. 49 had been removed from its original position.

2. According to a fax from the same division, dated 25 July 1991, after a second inspection this division expressed and confirmed that the landmarks had not been removed from their original positions.

3. Via a fax, dated 24 July 1991, Police Colonel Milton Vaca Burgos, the Potosi Department acting prefect, confirmed that the landmarks had not been removed.

4. After visiting Llica on 26 July 1991, the Military Geographic Institute certified on 30 July 1991 that the landmarks were not removed.

5. A delegation, comprised of deputies, Potosi officials, and officials from the Foreign Ministry Sovereignty and Borders General Directorate, that visited that area confirmed that the landmarks were not removed.

In conclusion, border markers Nos. 48 and 94 were not removed.

We have the remarks by Foreign Minister Carlos Iturralde on the secondary metal markers known by the names of Portezuelo (Quenau), Silillica (Loma Negra), and (Portezuelo de Huallacaua), which according to the corresponding records were located between markers 48 and 49 by the mixed subcommittee on 17 September 1981.

[Begin recording] The following report has been released after several Potosi authorities, deputies, Military Geographic Institute personnel, and the General Directorate of National Sovereignty carried out an inspection at the Llica Zone on 26 July: Senator [title as heard] Humberto Zambrana and Deputy Jebner Zambrana said they found that the earth had been removed and that new cement had been poured around the markers, all of which proves that they were moved.

2. [As heard; no first paragraph listed] According to a report issued on 30 July 1991 by the Military Geographic Institute, the three secondary markers were not removed.

4. [As heard; no third paragraph listed] Colonel Max Siles Valdivia, 2d Army Division chief of staff—who is here representing his division, located in the Andean region of Oruro, during meetings held at the Foreign Ministry on 30 and 31 July confirmed that the three secondary markers were not removed.

The Sovereignty and Borders General Directorate of the Foreign Ministry has confirmed that the three secondary markers were not removed.

In conclusion, following the recommendation of Congress, the Foreign Ministry decided to send a commission to the area to carry out an on-site inspection and to find out the exact position of the markers.

Today we sent two important notes. First: a note to the Chilean border commission, explaining our disagreement with the position of the three secondary markers, and confirming that the matter—along with other pending issues—will be addressed during a special meeting [not further identified] in November 1991.

Second: a note that our consular mission in Santiago will deliver to the Chilean Foreign Ministry. This note requests an explanation for the placing of markers in a border area in which borders have not yet been approved by the Bolivian Government, approval that—according to the terms of paragraph 2, Chapter 1, of the regulations of the protocol and additional record signed on 10 August 1942—is an essential precondition. The note also asks that the markers be removed immediately. Pictures will be attached to the note as factual evidence. [end recording]

Chileans Say Markers Not Missing

PY0208192091 La Paz Radio Fides Network
in Spanish 1100 GMT 2 Aug 91

[Text] A Chilean Government spokesman yesterday called our radio station to point out that Chile is not interested in a single inch of Bolivian territory. For this reason, it has requested that the Bolivian Government establish a binational commission to inspect the common border. The spokesman asserted that no border marker has been removed and that no Chilean is prospecting for or exploiting gold in the region. Gold prospecting is being conducted 10 km from the border, as established in the binational and international agreements, the spokesman explained.

He also reported that a patrol of Chilean Carabineros has inspected the Bolivian border and found the border markers untouched and saw no one exploiting gold in the area.

In the next few hours, the Bolivian Government will send Chilean President Patricio Aylwin a protest letter. In another letter, the Bolivian Government will ask President Aylwin to order the suspension of gold-exploitation activities in the area until the 7 August meeting [not further explained].

The news was reported by Foreign Minister Carlos Iturralde, who reasserted that border markers Nos. 48 and 49 have not been removed.

[Begin Iturralde recording] The three secondary metal border markers known by the names of Portezuelo (Quenan), Sillillica (Loma Negra), and (Portezuelo-Cauna) are located between border markers Nos. 48 and 49. In accordance with the pertinent acts, these secondary border markers were agreed upon and put up by the Bolivian-Chilean Mixed Border Subcommittee on 17 September 1981.

At a meeting of the Bolivian-Chilean Mixed Committee in (Llica), Sucre, Oruro Department, on 5 September 1983, the work conducted by the subcommittee in 1981—including the setting of the three border markers—was approved. [end recording]

Labor Union Leader Accuses U.S. Paying Agents

PY0208160291 La Paz Radio Fides Network
in Spanish 1100 GMT 2 Aug 91

[Text] Rafael Ledesma, executive secretary of the departmental office of the Bolivian Labor Federation [COB],

has indignantly criticized the attitude of some COB members, who allegedly are paid by U.S. imperialism to divide the COB rank-and-file not only in Santa Cruz District, but everywhere in the nation's interior.

Ledesma added that there are many pro-U.S.-imperialism activists in the bosom of the Bolivian labor unions and they are resolutely working to create unions parallel to the COB. Ledesma said that several self-styled free organizations are organizing a series of courses aimed only at dividing the COB.

Congress Elects Senate, House Leaders

PY0408204691 La Paz Radio Fides Network
in Spanish 1100 GMT 3 Aug 91

[Summary] The Senate on 2 August elected ADN (Nationalist Democratic Action) member Guillermo Fortun Suarez as president; MIR (Movement of the Revolutionary Left) member Jorge Inchauste and ADN member Leopoldo Fernandez as first and second vice presidents, respectively; MIR member Helena Calderon, and ADN members Carlos Farah and Oscar Vargas as first, second, and third secretaries, respectively.

MIR member Gaston Encinas was elected president of the Chamber of Deputies; ADN member Antonio Ormaechea and Christian Democratic Party member Benjamin Miguel Harb were elected first and second vice presidents of the Chamber of Deputies, respectively; Walter Alvarez, MIR member Arturo Liebers, Revolutionary Front of the Left member Walter Villagra, and MIR member (Rene Argandona) were elected first, second, third, and fourth secretaries, respectively.

Brazil

Quayle Told 'Brazil Has Its Own Policy'

PY0408201091 Madrid EFE in Spanish 1424 GMT
4 Aug 91

[Text] Rio de Janeiro, 4 Aug (EFE)—Justice Minister Jarbas Passarinho said today that the Brazilian Government will disregard U.S. Vice President Dan Quayle's suggestion that Brazil should modify its industrial protection laws.

Passarinho said Brazil has "its own policy" and "will not submit to the suggestions of a friendly country's vice president."

Quayle will arrive in Brasilia on a three-day visit on 8 August. During the visit, he will hold talks with members of President Fernando Collor's administration on the reactivation of investments in Brazil and the two countries' trade problems that await solutions.

According to U.S. sources, the United States expects a bill on industrial property protection from Brazil.

"To obtain the necessary investments, the countries must have industrial property protection laws," Quayle told Brazilian journalists in Washington on 2 August.

Responding to the U.S. vice president, Minister Passarinho today said: "Quayle has a right to his ideas, and we have the right to do what we want to."

The absence of a law on industrial protection has allowed Brazilian pharmaceutical laboratories to copy the formulas of medicines produced in the United States, while other companies copied computers programs and pictures.

Minister Notes 'Urgency' in Talks With Creditors

PY0408035291 Rio de Janeiro O GLOBO
in Portuguese 3 Aug 91 p 31

[Text] The initial phase of negotiations between Brazil and the IMF, which involved gathering data on the Brazilian economy, concluded yesterday. During a luncheon with foreign journalists, Economy Minister Marcilio Marques Moreira announced that negotiations will now be conducted on obtaining a stand-by [preceding word in English] loan totalling about \$2 billion, with an 18-month repayment period. Simultaneously, Brazil will be reaching an agreement with the international private banks on overdue interest and on 21 August in New York, will begin to renegotiate with these banks on the medium- and long-term foreign debt principal (stock).

After participating in the presidential entourage that visited Embraer [Brazilian Aeronautics Company] in Sao Jose dos Campos (Sao Paulo State) in the morning, Minister Marcilio Marques traveled to Rio de Janeiro where he was interviewed by foreign correspondents at the National Confederation of Commerce (CNC). The main issues discussed involved inflation and the foreign debt.

Marques announced that Brazil feels an urgency in normalizing its situation with the international financial community and that Brazil will take to New York a comprehensive proposal on negotiation of the debt principal with the commercial banks, a proposal that will include a variety of options.

An IMF mission that was visiting Brazil departed for the United States yesterday, there it will prepare a report on the Brazilian economy based on the data gathered here (the initial step in negotiations with the IMF, as provided for in Article 4). Before departing for Washington, Ted Beza, the IMF mission's head, visited Marques in his office at the Economy Ministry. The date and place of the next meeting between IMF and Brazilian Government experts were not set.

An agreement with the IMF is aimed at paving the way for normalizing the Brazilian debt with the Paris Club (comprised of official banks) and for gaining access to new financing, including Japan's Nakasone Fund. Marques will visit Japan between 3 and 5 September.

Brazil is also very close to obtaining the level of support from private banks that is required for an effective

agreement on the interest; this level could be reached within the next few weeks. Less than 10 percent of the banks are missing. The next step will be meetings between the banks committee and a Brazilian delegation, headed by Pedro Malan, in New York beginning on 21 August. According to the minister, the beginning of the normalization of Brazil's relations with the financial community has reportedly resulted in the entry of \$3.5 billion in foreign investment during the first half of the year (including direct investments, and investments in the stock exchange and commercial papers [preceding two words in English]).

Foreign Debt Negotiator Discusses New Proposal

PY0408210491 Sao Paulo O ESTADO DE SAO
PAULO in Portuguese 3 Aug 91 Economy and Business
Section p 4

[Text] Brasilia—In New York on 21 August, foreign debt negotiator Pedro Malan will present to private banks the Brazilian Government's second proposal to reschedule its unpaid outstanding medium- and long-term public debt. Malan did not want to disclose the proposal's content, but said it foresees a reduction of the unpaid outstanding debt (\$53 billion) and the interests that will become due. The first proposal, presented during former [Economy] Minister Zelia Cardoso de Mello's term in office, was rejected by the bankers, who only agreed to negotiate the overdue interest.

The proposal to be presented on 21 August is similar to the previous one to the banks in at least one aspect: The Brazilian Government wants the initial installments to be smaller so the country will have enough funds to endure the most difficult period of the economic adjustment.

Malan said the government intends to achieve a lasting solution, which will require designing an agreement that will respect the country's payment ability. According to the foreign debt negotiator, the government wants an agreement that also will serve to restore the confidence of Brazil's foreign and internal investors. According to Malan, the normalization of private debt payments already has created a favorable atmosphere for the attraction of foreign funds by Brazilian companies.

The absence of an agreement between Brazil and the IMF and the possible embarrassment that this could cause in the negotiations with the banks do not worry Malan. He believes that Brazil and the IMF still will reach this year an 18-month agreement valid until 1993. Brazilian and IMF representatives will meet again in the coming weeks.

Iraqis Still Owe Money to Construction Company

PY0308181691 Rio de Janeiro Rede Globo
Television in Portuguese 2300 GMT 31 Jul 91

[Text] Iraq may confiscate tomorrow the properties of the Brazilian construction company Mendes Junior in the interior of Iraq. The Iraqi Government still owes the

Mendes Junior company more than 100 billion cruzeiros. Meanwhile, the Brazilian construction company says it will take the subject to the United Nations to debate who will pay the bill.

The Mendes Junior company has two projects in Iraq, an expressway [preceding word given in English], which is a modern, six-lane highway that is practically finished, and a siphon, which is an irrigation system in the desert that is 50 percent finished. However, these projects are at a standstill since last January, when the war in the Persian Gulf began. Since then, 200 Mendes Junior employees in Iraq left the country and the company has not contacted the Iraqi Government since.

With the threat of confiscation of the company's property, the Bank of Brazil, which owns all the company's machinery, will lose nearly 83 billion cruzeiros. No official information from President Saddam Husayn's administration has yet arrived at the Mendes Junior company's headquarters in Belo Horizonte, and the company's managers maintain a cautious attitude.

Junia Carvalho, spokesperson for the Mendes Junior company said:

[Begin recording] The Mendes Junior company is totally unable to maintain commercial relations with Iraq as a consequence of the UN embargo and several laws that do not allow us to resume our activities yet in that country. We will continue waiting for the resumption of negotiations, but so far there is no prospect of that yet. [end recording]

The United Nations is organizing an international forum to discuss a possible suspension of the embargo imposed on Iraq for the second half of this year. If the Mendes Junior company's properties are confiscated, the company, to which the Iraqi Government still owes more than 100 billion cruzeiros, intends to have this subject discussed at the forum. If the embargo really were suspended, who will pay the bill?

Collor To Assign Millions to Embraer Recovery

PY0408211691 Rio de Janeiro Rede Globo
Television in Portuguese 1600 GMT 2 Aug 91

[Summary] During a visit to a Brazilian Aeronautics Company [Embraer] plant in Sao Jose dos Campos, Sao Paulo State, President Fernando Collor announced that \$407 million will be assigned to help the company's financial recovery.

During the visit, President Collor closely inspected the plane designed and built by Embraer and Argentine experts and the Brazilian fighter plane AMX.

Chile

Minister Denies Troops on Bolivian Border

PY0208153491 Santiago Radio Nacional
de Chile Network in Spanish 1100 GMT 2 Aug 91

[Relay from Buenos Aires by Graciela Contreras]

[Text] Chilean Defense Minister Patricio Rojas has stated here that absolute normalcy prevails in Chile. He thus categorically denied reports that Bolivian and Chilean troops are being deployed along the border between the two countries. Minister Rojas was asked about the matter at the Government House, where Presidents Aylwin and Menem had just begun their first official talk, as part of President Aylwin's official visit to Argentina.

Asked about reports on the presence of troops on the Chilean-Bolivian border, Rojas said:

[Begin recording] A thorough check has been made along the Chilean-Bolivian border, and it has been proven that no markers have been removed and that no troops have been deployed along the border. Therefore, I categorically deny those reports. [end recording]

Rojas then stressed that absolute calm prevails in Chile, and that the results of the talks between Presidents Aylwin and Menem are being awaited.

Commentary on Border Agreement With Argentina

PY0308152291 Santiago Radio Nacional de Chile
Network in Spanish 0030 GMT 3 Aug 91

[Commentary by Bernardo de la Maza]

[Text] The agreements signed today by Presidents Aylwin and Menem to solve old border disputes have an undeniable historical importance. Few countries on earth possess such an extensive common border as Chile and Argentina, and few have so many reasons for maintaining a permanent friendly relationship. We are of course united by history, race, culture, and language. In real terms, so little separates us that an inhabitant from Santiago and one from Mendoza have fewer differences between them than a New York resident and one from the U.S. Midwest. Another important fact is that there has never been a war between the two countries despite the 5,000 km of common border they share.

Relations between the two countries, however, also have not been as good as we would have liked. The greatest point of disagreement flared in 1915 as result of the tensions created by disagreements over the Beagle Channel limits. We know what happened then. In 1971 the two countries accepted British arbitration but the ruling was declared irrevocably annulled by Argentina in January 1978. By the end of that year, we reached the point of being but a few hours from entering a war that would have produced irreparable wounds in the coexistence of the two countries. Papal mediation was then accepted and respected, even when it ruled in favor of Chile. In a 1984 referendum, the Argentine people overwhelmingly supported the papal decision.

The lack of clear borders is what has precisely led us to such serious frictions. Therefore, for this reason the agreement signed today is historical. Of the 24 pending points, the two countries did not agree on only one point, so, therefore, we will again resort to arbitration. The

important thing is that the two countries have accepted allowing a third party to decide who is right, be it Chile or Argentina.

The zone in dispute is a small territory of more or less 500 square kilometers in Laguna del Desierto, in the 11th Region, between landmark 62 and Mount Fitz Roy. The geography of this territory, which is full of glacier valleys and rivers born on the eastern side of the mountain range, has led Chile and Argentina to interpret the borderline in different ways. Whatever will be the result of arbitration, it will have to be respected. Thus, the reasons that caused the conflict of the Beagle, of the Snipe and Teniente Merino Islands will end. This means that the path will now be clear for a real rapprochement.

There cannot be a better moment for an agreement of this kind because it is taking place when old conflicts are being forgotten in the whole world. Countries are uniting and integrating through markets. We are leaving behind the industrial age and beginning to participate in a technological era in which borders only happen to be an accident and democracy begins to reign as the prevailing, most-desirable, and recommended system, and a system that gives more guarantees of peace. Therefore, the agreement signed today, rather than being casual, is the result of a historical trend. The next step will be to make the integration agreements real and to reduce in our two countries the enormous defense expenses that naturally hinder our development.

Government Wants Fast Solution of Letelier Case

PY0308173691 Santiago Radio Nacional de Chile
Network in Spanish 1100 GMT 3 Aug 91

[Excerpts] Acting Interior Minister Belisario Velasco said the government is analyzing the possibility of participating in the Letelier case. He made this remark at a news conference in La Moneda Palace. [passage omitted]

Asked about Judge Adolfo Banados' decision to reopen the Letelier case, Velasco said the government is very pleased with the idea.

[Begin Velasco recording] I say the government is very pleased considering that this was a case that has moved the public for many years, and consequently it hopes that the court will finally clarify the case and will punish those responsible. The government is deeply analyzing the possibility of participating in this case. [end recording]

Velasco also was asked about the resignation of Vina del Mar Mayor Juan Luis Trejo and Las Condes Mayor Sergio Trucco. He did not rule out the possibility of (Victor Enriquez) being appointed as the Vina del Mar mayor. He made it clear that it is up to the president of the Republic to remove the district mayors he appointed. Concerning the case of the Las Condes mayor, he said Trucco has submitted his resignation and as soon as President Aylwin makes a decision he will have to leave his post.

[Begin Velasco recording] I told Trucco that as soon as the president makes a decision on the matter he will have to leave the post. Concerning the list of candidates, the political parties submit to the president their proposals to designate their candidates for mayor, but this does not mean that a specific party is the owner of a city hall or a district. The president will make decisions in keeping with the backgrounds or curriculums and qualifications of the candidates. [end recording] [passage omitted]

Colombia

Reportage on Cease-Fire Talks With Guerrillas

Minister Lauds Decision

PA0308013791 Bogota Radio Cadena Nacional
in Spanish 1246 GMT 2 Aug 91

[Report by Jairo Tarazona]

[Text] Government Minister Alberto de la Calle Lombana has said that it is good news that the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] has pledged to suspend its terrorist attacks against the utility towers bearing high-tension cables. The minister said he hopes that accords leading to true peace in Colombia will be reached during the third round of talks to be held in Caracas.

[Begin recording] [De la Calle] I think this is a positive decision. The government has been insisting that the guerrillas stop their attacks on the population and create more favorable conditions for a dialogue. The government has always favored dialogue. It does now more than ever. We will be watching for future actions, but I think this is good news for Colombians.

[Tarazona] Could the guerrillas' failure to keep their word, as has happened on several other occasions, affect the third round of talks in Caracas?

[De la Calle] We intend to resume talks in Caracas. There are 10 points on the agenda that were agreed upon during the previous round of talks; one of the points is the cease-fire. We think this is an extremely important subject, but the government has always insisted on exploring the remaining nine points because we think they might lead us to a certain degree of optimism regarding the progress of the peace process. We will continue to work on a cease-fire but without neglecting the other important political proposals. We think that what matters is that an agenda has been agreed upon and that there are several points to be discussed. We regard this agenda more as a material limitation according to subjects on peace than as a function of one or more future rounds of talks. I think it would be a secondary matter if the sincere purpose is to seek peace.

[Tarazona] Who will replace Dr. Andres Gonzalez, who had been heading the government delegation to the talks?

[De la Calle] We have been considering this, but no decision has been reached yet. Dr. Gonzalez will not withdraw from

the negotiations completely. Of course, his work as governor will probably prevent him from being in Caracas for long periods of time. Even so, the government expects to keep him linked to the peace talks.

[Tarazona] Mr. Minister, if a cease-fire is not agreed upon during the third round of talks, will the talks be interrupted?

[De la Calle] I think this is a theoretical question at this time. We do not know how the third round of talks will start or what the various position on a cease-fire will be. I do not usually speculate on such matters. I would rather say something about it when there are concrete actions or facts that permit a sound statement, something that would not not be the result of our imagination or speculation. We have always favored direct talks and believe that we should stick to them. We are not considering any intermediaries. [end recording]

CNGSB Proposes Talks

PA0508041791 Hamburg DPA in Spanish 0221 GMT
5 Aug 91

[Text] Santa Fe de Bogota, 4 Aug (DPA)—The Simon Bolivar National Guerrilla Coordinating Board [CNGSB] today proposed to the government of Cesar Gaviria Trujillo the "immediate" resumption of the peace talks to end the armed and political conflict that has been raging in the country for the past 30 years.

In a 15-minute video recording, played during the 16th Congress of the Communist Party of Colombia being held in Bogota, several of the CNGSB chief rebels expressed their willingness to begin direct contact with the government "as soon as possible."

As Radio Caracol reported tonight, the guerrilla leaders insisted on the need to foster soon the conditions for a bilateral truce in order to hold the congressional elections in peace on 27 October.

The next meeting of Gaviria government and CNGSB delegates is scheduled for 26 August. On the matter of the peace proposals, the radio sources stated, the guerrillas insist they are fully prepared to resume the talks with the government on good terms that would allow the negotiations in Venezuela to go more smoothly.

The CNGSB, made up of the Marxist Revolutionary Armed Forces of Colombia [FARC], pro-Cuban Army of National Liberation [ELN], and the small pro-Maoist Popular Liberation Army [EPL], has been criticized in the past two months for increasing its terrorist attacks.

Dynamite attacks on oil pipelines, energy towers, and gas and oil pipelines have caused serious damage that, according to official reports, may total close to \$240 million this year.

Army sources estimated a few days ago that the guerrillas launched their offensive in late June at the conclusion of

the second round of direct talks with the government to "pressure" for a prompt agreement.

The rebels, meanwhile, insisted that the operations by the military forces were hampering their return to the country, something that is at odds with the agreements made in June. The government, however, provided the means for the rebel leaders to return.

The CNGSB unexpectedly announced last week that it was suspending its attacks on energy towers. Despite this development, the local media reported an increase in clashes between the military forces and the rebels in several departments.

The government is seeking with the peace dialogue to get the rebels to hand over their weapons and return to civilian and political life as a democratic movement, as it has been successfully achieved by previous administrations with the 19 April Movement [M-19], the Indian Quintin Lame, the Revolutionary Workers Party, and most EPL members.

Gaviria Reiterates Stance

PA0508021491 Mexico City NOTIMEX in Spanish
2048 GMT 4 Aug 91

[Text] Santa Fe de Bogota, 4 Aug (NOTIMEX)—President Cesar Gaviria today stated that the guerrilla problem will not be solved with a military repcense alone, which is why he voiced support for the Venezuela peace talks.

In remarks made to the influential daily EL ESPECTADOR, President Gaviria, however, reiterated that if the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] continues its terrorist attacks, the talks aimed at ending the country's armed conflict will be suspended.

Gaviria noted that for the first time in the history of the peace process with the Revolutionary Armed Forces of Colombia [FARC] and, chiefly, with the Army of National Liberation [ELN] "we were able to chose an agenda of topics to discuss."

In previous meetings held in Caracas, the sides agreed on an agenda that includes the possibility of a cease-fire agreement, international supervision of the peace process, and demilitarization of some areas of the country.

Gaviria felt that the CNGSB, however, "mistakenly thought that after the first round of talks and before the resumption of the talks, that it must increase its terrorist activity."

"The government has warned them that it has its limit, not just the government but the public, too," he noted.

The CNGSB, which comprises the country's largest and longest standing guerrilla groups—announced on 2 August that it was suspending attacks against the national energy infrastructure and that it will respect the upcoming elections.

The group added that it will take to the new round of talks—scheduled to begin on 26 August in Caracas—a new cease-fire proposal that “will save the peace process.”

The government, according to Jesus Antonio Bejarano, the presidential adviser for peace, is still moderately optimistic regarding the results that may be achieved in the third phase of the negotiations.

“It is clear that the guerrillas’ decision to suspend terrorist acts improves the climate of the talks and creates a favorable environment for the next dialogue,” Bejarano remarked.

Gaviria Discusses Control on Access to Prisons

PA0408191891 Hamburg DPA in Spanish 2333 GMT
3 Aug 91

[Text] Bogota, 3 Aug (DPA)—As of 5 August, “there will be severe controls” on the access of people visiting the penitentiaries in the Colombian villages of Envigado and Itagui, located more than 240 km northwest of Bogota, where the main drug lords of the Medellin Cartel are being held, President Cesar Gaviria has told a local newspaper.

The president, in an interview published today by EL ESPECTADOR, a Bogota morning paper, admitted that local media reports have been “fair.” The reports state that 308 people have visited the Envigado Prison where Medellin Cartel leader Pablo Escobar Gaviria is being held, most of whom have police records.

According to the “Noticiero Del Mediodia” newscast, many of those who have gained access to the maximum security penitentiaries did so by using false identification papers. Others are wanted for murder, assisting in the escape of criminals, drug trafficking, and fraud, among other crimes.

Gaviria believes that “there have been flaws and that this is why corrections will be made. The people know that when there have been flaws, severe corrective measures have been implemented; this is what has been done here. We will not allow this situation to continue.”

With regard to the possibility that the so-called mafia “big fish” might escape, the president told the newspaper that, “although there is a risk, we are making decisions every week to streamline our policy and ensure that it will not happen. That is the reason for the important changes at Envigado and Itagui,” he affirmed.

About 20 confessed drug traffickers are being held at the Envigado and Itagui maximum security penitentiaries, after surrendering under special measures adopted by the Gaviria administration toward the end of 1990.

The strategy of allowing drug traffickers to turn themselves in provides for “nonextradition” and reductions in prison terms. According to recent polls, the practice has had widespread acceptance among Colombians.

Fabio, Juan David, and Jorge Luis Ochoa, the brothers who headed the Medellin Cartel, turned themselves in and availed themselves of the term-reduction measures between December 1990 and February 1991. Escobar, the most wanted criminal in the world, did likewise more than a month ago, on 19 July.

The criticism against the security system at the Itagui and Envigado prisons began when Rene Higuita, a leading Colombian major league soccer goal-keeper, paid Escobar a visit.

The incident prompted sanctions against Colonel Augusto Bahamon, the prison warden at the time, who approved entry for Higuita.

Just days after the sanctions were known, Bahamon asked to retire from the Army.

Foreign Minister Makes Statement Before Trip

PA0408210491 Bogota Inravisión Television
Cadena 1 in Spanish 1800 GMT 4 Aug 91

[Interview with Foreign Minister Luis Fernando Jaramillo Correa by Oscar Galvez in Bogota on 4 Aug—recorded]

[Text] [Galvez] Foreign Minister Luis Fernando Jaramillo will travel to Central America in the next few minutes. He will visit Honduras, Guatemala, Costa Rica, and Nicaragua to discuss topics related to the coffee and banana sectors.

Mr. Minister, in the past hours, U.S. Ambassador to Colombia Thomas McNamara has stated that they do not forgo the possibility of bringing the extraditables to trial in the United States and that they will not turn over all the evidence they have on them.

[Jaramillo] I believe cooperation between the United States and Colombia, as has been expressed by Ambassador McNamara, is in a phase of great cordiality and cooperation. We have really started to get important amounts of evidence to try the drug traffickers who have surrendered to the Colombian Judicial Branch. I am sure this climate of cooperation will continue. Of course, extradition was an important mechanism in the struggle against drug trafficking at a specific moment from the U.S. point of view. Today, however, the important mechanism is Colombian justice. We have replaced the mechanism of extradition and will use the fully operative instrument of Colombian justice.

[Galvez] Mr. Foreign Minister, Venezuelan President Carlos Andres Perez has stated that he is willing to arm the border area residents so that they can confront the Colombian guerrillas.

[Jaramillo] We have current border and neighborhood commissions with Venezuela in which we permanently talk with Venezuelan authorities. Additionally, Defense Minister General Oscar Botero and Administrative Department of Security Director General Miguel Maza have met with their counterparts in Caracas to discuss the

border security problems. We have made significant advancements in arresting criminals and guerrillas at the Colombian-Venezuelan border. I hope that contacts between the heads of state and military and security organizations will continue to produce advancements in the repression of crime at the border. Anyhow, it is obvious that Venezuela, its president, and its authorities have the right to implement measures they feel are pertinent within the limits of their territory and sovereignty.

Gutierrez Reasserts Separation From EPL

*PA0408155991 Bogota EL TIEMPO in Spanish
30 Jul 91 p 6a*

[Text] On 29 July, it was confirmed that Bernardo Gutierrez, the former principal spokesman of the demobilized Popular Liberation Army (EPL), is no longer a member of that organization.

Gutierrez himself made this announcement to EL TIEMPO in response to an article published by the newspaper on 29 July.

"I do not represent the EPL. I left the organization approximately two months ago and joined the AD M-19 [Democratic Alliance 19 April Movement]. Former Constituent Assembly members Jaime Fajardo, Fabio Villa, and German Toro are with me," Gutierrez stated.

For this reason, the EPL National Directorate appointed a new political commission, which assumed the responsibilities that were previously those of Bernardo Gutierrez.

The commission is comprised of Dario Mejia, Fred Fuentes, Julio Carrascal, Rodolfo Hernandez, Alvaro Villarraga, Carlos Franco, and Anibal Palacio. The commission will offer a news conference at the Orquidea Real Hotel (formerly the Hilton) at 1000 today to detail aspects of the EPL dissolution.

Gutierrez also confirmed that there are two clearly identified tendencies in the EPL: one orthodox and radical and the other geared toward social democracy, the leaning of the AD M-19.

"They can say that I am a social democrat, because I am. I am convinced that the left must renew itself and that radicalism must end," added the former EPL leader.

Anibal Palacio, who represents the EPL sector that does not want the organization to disappear before studying the situation and conditions in which its members would be left, said to EL TIEMPO on 29 July that Bernardo Gutierrez really does not have any support in the organization.

Palacio said: "Bernardo Gutierrez does not have the EPL's support. He made a very personal decision which we respect: He decided to join the AD M-19."

According to Palacio, the gradual disappearance of the movement is part of a process. He said: "The entire organization must take a stand on this issue."

For this reason, a meeting will be held to discuss if the EPL should disband. The meeting will be held at an undetermined place in Santa Fe de Bogota on 7 August.

The truth is, and this has been stated to this newspaper by EPL sources, the organization's most radical sectors have proposed that it be called the EPL Democratic Alliance.

In this respect, it was learned that a former EPL commander and at least 20 fighters have resigned from the organization and joined the AD M-19. The group is headed by Hugo Martinez, alias "Marlon," who said that he has ties with 100 former EPL militants who, like himself, believe factionalism has fallen behind.

'Armed Men' Kidnap Mayor of Magangue

*PA0508040791 Bogota Inravisión Television
Cadena 1 in Spanish 0100 GMT 5 Aug 91*

[Text] Gonzalo Botero Maya, mayor of Magangue, Bolivar Department, was kidnapped today by a column of the Army of National Liberation (ELN). According to his relatives, the mayor was violently taken from a ranch he owns by a group of armed men. The men threatened to kill him if he did not fulfill their demands.

Tomorrow a demonstration will be staged in Magangue to request that the mayor be set free.

Column Criticizes Trade Relations With Cuba

*PA0408044091 Bogota EL TIEMPO in Spanish
29 Jul 91 p 5A*

[From "Plinio's Column" by Plinio Apuyelo Mendoza: "A Lifesaver For Castro"]

[Text] What can Colombia and Chile gain by reestablishing consular and trade relations with Castro's government? Until now the answer has not been at all clear. It is easier to say that Castro comes out of it receiving a little oxygen, precisely at a time when his political project, burning in the bonfire of a sinking ideology, is showing signs of asphyxiation.

President Cesar Gaviria, who has successfully undertaken in Colombia a project of political and institutional opening on a large scale, has probably tried to extend this broadminded image to the international arena by making official trade exchanges that, until now, have been more or less secretive. To explain his decision, President Gaviria said: "At this time when the walls of intolerance and incomprehension are coming down all over the world the government prefers to join these international tendencies which uphold that conflicts are better solved through dialogue, international law, and diplomacy."

This undoubtedly refers to the end of the cold war. Nevertheless, it is worth examining to what extent the Castro regime deserves to benefit from this new climate. This new climate is basically the outcome of perestroika and glasnost, that is—an internal process of democratic opening in the USSR and its consequences on the former

communist world. This new climate is not because of the miraculous descent of the Holy Spirit's enlightenment on the world's principal leaders.

Therefore, if the Soviet leaders had maintained their ideological dogma; if they had continued believing in planning an integrated economy and in the continued construction of socialism; if with such ideological budgets, instead of promoting freedom of speech, they continued to support, as they had, one party rule; if they had continued to support the hard-line security institutions and an excessive military apparatus, instead of the fundamental reforms promoted by Gorbachev, the cold war, the two opposing blocs' confrontation, would still hopelessly prevail.

Consequently, the new international climate does not respond—as numerous Latin American presidents seem to believe—to a pragmatism that eliminates moral and democratic reasons, nor to the acceptance of ideological pluralism—understood as the coexistence of democracy and totalitarianism. No, it is just the opposite: The new international climate is possible because communist totalitarianism—inefficient and oppressive, rejected by its own people who were its victims—has collapsed. It has had to surrender because democracy has triumphed.

This is precisely what Castro has not done. He does not represent the world's new reality, but rather an old reality that is crumbling, fed on dogmas and absolutism. There is no reason why he should collect dividends from perestroika given he opposes it: He is a copy of an archaeological piece, representative of a species in danger of extinction. Therefore, the Latin American presidents do not have any obligation to grant him any concessions, because in no way would this favor the world's current true open process, which is comprised of pluralism but of democratic pluralism, not of preserving tyrannies.

If the Latin American presidents expect the Castro regime's democratization as a result of their gesture, they are truly gullible as Castro does not believe in perestroika. I heard Castro say in Caracas: "Perestroika is like a friend's wife, you can invite her to your home to visit, but not to stay." Castro has labelled as "repulsive" the Soviet reformists' activities. He has said on several occasions that perestroika is the result of errors made in the USSR and not in Cuba.

The maximum leader has not given any indication of eliminating the one party system, of accepting the basic principles of Montesquieu [17th century French political philosopher], or of holding elections. Castro has said:

"I will not hold elections in Cuba, because I do not feel like it." These are his words and bear his seal as an arrogant fighter. Author Gabriel Garcia Marquez reported the phrase as part of an interview Castro granted to Xavier Rubert de Ventos, European Parliament member and Spanish writer, ("Fidel: No Way Out?" book by Ramiro Andrade, soon to be published).

Why should we not believe Fidel? Why doubt his word when he has Cuban Human Rights Commission President Elizardo Sanchez, along with several other members of the organization, and Havana University leaders in jail for criticizing the "personality cult?" Why not believe him when criticism is not tolerated, when he has banned several Soviet publications, when the residents of any given neighborhood must watch over those of another by way of the Committees for the Defense of the Revolution [CDRs], and hotel employees spy on their guests?

It is quite simple to understand: He who establishes an orthodox system does not promote heresy. Gorbachev can promote perestroika, but Stalin cannot, and neither can Castro. Castro has reached the end of the line and there is no turning back.

No one has had as much economic aid as that which the USSR has given him: Some \$100 billion over 30 years, according to economist Irina Zorina of the USSR Academy of Sciences. This is not an exaggerated estimate. The reexporting of Soviet oil, paid for in hard currency, and the subsidy on the price of sugar, which sometimes rose to about five times the world market price, represent aid worth \$3.7 billion per year. Carlos Alberto Montaner has said that with this subsidy, which is enormously larger than that granted by the Alliance for Progress to the whole continent, Castro has managed to move Cuba from being the third most developed country of Latin America to being the thirteenth.

This drop may have the following explanation: influence; bureaucracy; rhetoric; superstition; ideology; and the suppression of all forms, even the smallest (including the farmer's markets), of private property. With the reduction of the Soviet subsidies and the interruption of aid from eastern bloc countries that have recently shifted to democracy, the Cuban situation becomes somber. The country is headed along the same road as Haiti and Ethiopia under the pleonasm of "socialism or death." The "special period in peacetime" means that tractors will be replaced by oxen and plows and cars by bicycles. The daily bread ration has dropped from 100 gm to 80 gm, the manufacture of clothes and home construction are at a standstill, and electricity consumption has been cut in half. All the island has left is its blue Caribbean Sea.

There is hardship and totalitarianism, while Castro is the victim of no one. Montaner has also said that, instead, it is the Latin American democracies that have been his victim, as Castro has declared war against them. Colombia, Peru, Guatemala, and El Salvador owe him nothing, except for his having supported subversion and terrorism. We have paid with rivers of blood and millions of dollars in damages for his delirious ideas. Whenever one of our presidents, whose heart beats to the left, has offered a helping hand, Castro has ended up stabbing us. What reason is there now to throw him a life saver? Would it not be better to throw it to the poor people of Cuba who have suffered his madness for 30 years?

Peru**Vice President Explains Remarks on Shining Path**

PA0208232891 Lima Global de Television
Network in Spanish 0100 GMT 2 Aug 91

[Text] Maximo San Roman, first vice president of Peru, today categorically denied having admitted that it is possible or necessary for the government to establish a dialogue with Shining Path. He said that this incorrect idea emerged as a result of an interview he granted to a Colombian radio station.

[Begin recording] [San Roman] I received a telephone call from a Radio Caracol correspondent who wanted to interview me. I was asked what the Fujimori administration thinks about Colombian President Gaviria's success resulting from his talks with rebel groups.

My answer was clear. I said that President Fujimori announced yesterday that a high commissioner for peace had been appointed. I think that all the efforts this gentleman will make to secure the pacification that the Peruvian people need will be supported by the people and by all of us.

[Unidentified reporter] Then your statements were distorted?

[San Roman] I think they were misinterpreted. President Fujimori has clarified our position, and I agree with him that we are not going to hold talks as long as the rebels remain armed. We have said this from the beginning. [end recording]

State of Emergency Declared in Education Sector

PY0408002891 Lima EL COMERCIO in Spanish
23 Jul 91 pp A 1, A 7

[Excerpt] On the night of 22 July, the government issued two supreme decrees declaring a state of emergency in the education sector. It also suspended all directors, vice directors, managers, and any other persons in charge of education centers or programs who did not report to work on 20 July.

In Decree No. 0016-91, the government ordered the creation of a governing committee in each education center or program; this committee will be headed by the chairman of the Fathers' Association, and will administer and control each institution.

The committee will be made up of representatives of the Education Department Directorate, the regional directorate or education service unit, and a teacher of the same rank as the highest ranking of those who reported to work on 20 July.

In Decree No. 0015-91-ED, the government declared a state of emergency in the Education Ministry, Education Department directorates, and education services units that are dependent on regional governments. It also

ordered the Education Ministry to adopt measures designed to generate resources to meet needs in the education sector.

The decree also empowered the Fathers' Association to ask for the regular 1992 fees in advance, as a voluntary contribution.

This money will be deposited in an account at the Bank of the Nation on a one-time basis.

These measures were adopted because public school classes were not resumed on 22 July despite a decision by authorities. [passage omitted]

Military To Control Human Rights Violations

PY0208224791 Lima EL COMERCIO in Spanish
23 Jul 91 p A 8

[Text] The Armed Forces Joint Command [CCFFAA] has ordered military men to intensify their efforts toward preserving civilian human rights.

This work will be coordinated by the CCFFAA Office for Reporting and Investigating Human Rights Violations [Oficina de Denuncias e Investigaciones Para Cautelar los Derechos Humanos].

Military sources have reported that this office, which opened in 1989, seeks to control and investigate reports of human rights violations.

It was noted that offices of this organization have been installed within the Army, Navy, and Air Force. Offices have been installed in military garrisons in the interior of the country, and even in some battalion headquarters, to intensify the control and investigation of human rights violations.

These offices have been opened in military garrisons in the emergency and security zones like Huallaga, Huamanga, Mantaro, and Ucayali, among others.

The sources said that these offices will ensure compliance with the orders of the CCFFAA, measures that are established in the Constitution. It was also reported that the Armed Forces, in preparing its operational forces, will fully train its personnel.

It was reported that both officers and subordinates receive instruction on matters related to the Constitution, the law, and the rules of the institution, thus ensuring their full compliance.

Economy Minister Interviewed on Program, Targets

PY0408213891 Lima LA REPUBLICA in Spanish
23 Jul 91 p 8

[Interview with Economy Minister Carlos Bolona by journalist Jose Comas at the Economy Ministry building in Lima; date not given]

[Text] The Peruvian Model

[Comas] What are the main features of the Peruvian adjustment model?

[Bolona] The Peruvian model is based on four factors. One of them is the stabilization program, which primarily seeks to curb inflation. It provides for fiscal and monetary austerity, and for the adjustment of prices of key sectors of the economy. Then we have the structural reforms aiming at modernizing the country, pulling it out of the situation, and preparing it for growth. The third factor is a social program, which provides for immediate action and a longstanding plan still to be designed. Security is the fourth factor of the program. This factor includes antiterrorist and antidrug strategy.

[Comas] Is there a timetable for implementation of this program, or is everything being implemented at the same time?

[Bolona] Everything should be implemented at the same time. We cannot say that we will first stabilize and then we will implement structural reforms, or that we will first implement structural reforms and then we will take care of security. Everything must be simultaneously implemented. That is the difficult part of the program.

[Comas] You took office on 15 February. What was the consequence of your designation? Did it imply a change in the Fuji-shock of August 1990? Did it imply continuation or discontinuation of a program?

[Bolona] I believe the program has continued and has been intensified. During the first stage (under the previous economy minister), the program was more closely oriented toward adjustment and price deregulation, focusing too much on stabilization. Now we are attaching considerable emphasis to structural reform. Yet the efforts to achieve stability cannot be discontinued, because both factors call for simultaneous implementation. Much time had been wasted in the implementation of structural reforms, and little progress was made. This is the impulse that we have given to the first five months of my term.

Achievements and Failure

[Comas] What are the achievements and failures of those five months?

[Bolona] The most outstanding progress has been made in the area of structural reforms; what has been paralyzed in this country over the past 25 years now has begun to move.

That is the most important change and includes reforms in foreign trade and labor regulations. The stabilization program has brought inflation down from a possible 60 percent, or even 20 percent a month, to less than 10 percent a month. It is still very high, and it has to come down even more. Our international reserves have increased from less than \$200 million to more than \$700 million. My predecessor began the trend. We were able to consolidate the gains. Another important gain is the

return of Peruvian capital to the country, nearly \$700 million that we could count on for a given time. However, the new influx has added liquidity to the economy. New credits in dollars with two to three years maturity have appeared¹. We were able to raise the exchange rate to a more realistic level. The foreign exchange rate has been under pressure in the past few months due to a lack of liquidity. Tax levels increased from 4 percent to 7 percent of the GDP [gross domestic product]. We can show a variety of positive achievements. There are no lines waiting in front of shops, the stands are full, and we can speak of a moderate production growth beginning in the second semester. There are many positive elements, but the stabilization program has to continue in force. It takes two to two-and-a-half years before you can say you have defeated inflation, that is, if you maintain fiscal and monetary discipline.

[Comas] Is the government issuing any unsupported money at this time?

[Bolona] The government is not issuing money to finance public spending. At times the government might issue some money to purchase dollars to increase our reserves and support the exchange rate. But this is not a problem. The problem appears when you finance the fiscal deficit by issuing unsupported money. We are not doing that. In the past the unsupported issuing of money reached 10 percent of the GDP because the deficit was 14 percent while taxes provided only 4 percent. Our goal today is to lower our deficit to less than 3 percent and to finance this deficit with foreign loans.

[Comas] You have said that tax collection has risen from 4 percent of the GDP to 7 percent. I think Chile has an 18 percent taxing level. How are you going to eliminate the fiscal deficit and pay striking teachers and nurses with such a ridiculous tax collection level?

[Bolona] Hyperinflation hurts any tax collection effort. Hyperinflation devaluated our tax collection money from 15 percent of the GDP, which was our historic level, to 3 percent of the GDP. That is what hyperinflation does to the taxing system. We have doubled tax collections in six to eight months. We should reach an 8.5 percent to 9 percent level this year and a 14 percent level in 1994 or 1995. Our goal is to reach an optimum level of 18 percent.

[Comas] Will that be achieved with direct taxes?

[Bolona] Direct taxes are not the most profitable ones in our countries. Indirect taxes, the IVA [added value tax], or sales taxes should account for 30 percent of our total income. The yield from the tax on fuels, which now accounts for 30 percent of our income, should drop to 15 percent of our income. We are now living on the gasoline tax, and this, unfortunately, is the easiest way to get revenues after hyperinflation. This has to change. We cannot go from gasoline shock to gasoline shock. Direct taxes should account for 10 to 15 percent of our income. I doubt our countries could stand for more.

A Neighbor's Experience

[Comas] Carlos Bolona participated in the Bolivian adjustment plan under President Paz Estenssoro. He worked in Bolivia in November 1985, when he evaluated the economic program. Later, in 1986-1988, he was again in Bolivia, closely following the new experiences in that country.

Was that a guinea pig for what you are doing now?

[Bolona] I would not say that. It was good training. At that time I went to study hyperinflation and to see how it was possible to overcome it, without thinking that I would use this experience in my own country five years later.

[Comas] In the Bolivian case, a very harsh position had to be adopted when thousands of workers had to be fired. Will the same procedure be followed in Peru?

[Bolona] Unfortunately, the public sector must be restructured because the crisis is of a fiscal nature. The public sector, which is totally oversized, has hired 400,000 employees over the past five years. It is impossible to pay good, decent salaries to those people.

[Comas] For how long will the government be able to pay without receiving fresh money?

[Bolona] I believe we will stand for as long as necessary because it is important to regain our position within international financial systems. We were outside those systems five years, and this has brought us the worst socioeconomic catastrophes and disasters. We therefore have to continue making this effort.

[Comas] You are implementing the program of the Fredemo [Democratic Front], which sponsored the candidacy of Mario Vargas Llosa.

[Bolona] I would say there are many things that are not the exclusive property of Fredemo. This policy was implemented in Chile, and Mexico and the USSR are implementing it now. I don't think Fredemo, or for that matter any country, is the owner of a world trend, which we should not ignore but profit by instead of lagging 20 years behind.

Uruguay

President's Visit to Bolivia on 4 Aug Announced

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Network in Spanish 1100 GMT 2 Aug 91

[Excerpts] President Luis Alberto Lacalle today will visit Canelones Department, where he will install a departmental Mercosur [Common Market of the South] commission. [passage omitted]

Information has been released on the visit the president will make to Bolivia on 4 August. The president will leave at 1500, after transferring power at Carrasco International Airport at 1430. The president will be accompanied by, among others, the ministers of Industry, Defense, and Foreign Affairs, by the commanders in chief of the three military branches, and by a delegation of businessmen. [passage omitted]

The president and his entourage are scheduled to return on 7 August and arrive at Carrasco airport at 2130. [passage indistinct]

Polish Foreign Minister Meets With Counterpart

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3 Aug 91

[Text] Montevideo, Aug. 2—Polish Foreign Minister Krzysztof Skubiszewski, on an official visit to Montevideo since August 1, met Saturday with his Uruguayan counterpart Hector Gros Espiell to discuss international problems and bilateral relations.

The two ministers were satisfied to find Polish-Uruguayan relations in excellent condition and agreed on the lines of their further development, including fostering of cooperation within the UN. They also touched upon the possibility of the conclusion of an agreement and the necessity of boosting the cooperation between the Rio Group and the countries of Central and Eastern Europe.

The ministers signed two agreements, one on avoiding double taxation and the other on investment backing. They also exchanged notes on lifting visa requirement between Poland and Uruguay. Minister Gros was invited to pay an official visit to Poland.

Skubiszewski also held talks with president of the eastern republic of Uruguay, Luis Alberto Lacalle, on political and economic reforms going on in Poland and Uruguay. The two politicians stressed the need to exchange experiences on transformation from a totalitarian to a democratic system and a market economy.

Minister Skubiszewski met also with Uruguayan Vice President and President of the Senate Gonzalo Aguirre.